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Attorneys for SURPRISE VALLEY HEALTH CARE DISTRICT

UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

In re:

SURPRISE VALLEY HEALTH CARE DISTRICT

Debtor.

CASE NO. 18-20070
Chapter 9
DCN: SVH-11

APPENDIX OF EXHIBITS IN SUPP0RT OF MOTION TO APPROVE SETTLEMENT BETWEEN DEBTOR SURPRISE VALLEY HEALTH CARE DISTRICT AND CADIRA GROUP HOLDINGS, LLC

DATE: December 18, 2019
TIME: 2:00 p.m.
CTRM: 32

Judge: Hon. Christopher D. Jaime

TO THE HONORABLE CHRISTOPHER D. JAIME, UNITED STATES BANKRUPTCY JUDGE; THE UNITED STATES TRUSTEE; THE DISTRICT'S TWENTY LARGEST CREDITORS; ALL PREPETITION SECURED CREDITORS OF RECORD; AND ALL OTHER PARTIES ENTITLED TO NOTICE:

Surprise Valley Health Care District (the "District" or "Debtor"), hereby submits the following Appendix of Exhibits in support of its Motion to Approve Settlement Between Debtor and Cadira Group Holdings, LLC filed concurrently herewith:

EXHIBIT	DOCUMENT
A.	Settlement Agreement and Mutual Release by and among Cadira Group Holdings, LLC ("Cadira") and the District
B.	Credit Agreement, between the District, as borrower, and Cadira as lender, entered into February 26, 2018
C.	Limited Liability Company Purchase Agreement, between the District, as purchaser, and Cadira, as seller, entered into February 26, 2018
D.	Lab Management Agreement, between the District as owner, and Cadira, as manager, entered into February 26, 2018
E.	Asset Purchase Agreement, as amended, restated, extended, supplemented or otherwise modified from time to time) between the District, as seller, and Cadira, as purchaser. entered into February 26, 2018
F.	Order (I) Granting Senior Secured Status To The Debtor's Postpetition Lender, (II) Authorizing Superpriority Administrative Expense Status For The Postpetition Lender; (III) Finding That Prepetition Lienholders Are Adequately Protected; (IV) Modifying The Automatic Stay; (V) Scheduling A Final Hearing Pursuant To Bankruptcy Rule 4001; And (VI) Granting Related Relief [Docket No. 58]

EXHIBIT	DOCUMENT
G.	Order (I) Approving the Sale of Substantially all of the Debtor's Assets Free and Clear of all Liens, (2) Approving Of Debtor's Assumption And Assignment Of Certain Unexpired Leases And Executory Contracts And Determining Cure Amounts And Approving Of Debtor's Rejection Of Those Unexpired Leases And Executory Contracts Which Are Not Assumed And Assigned; (3) Waiving the 14-Day Stay Periods Set Forth In Bankruptcy Rules 6004(h) And 6006(d); And (4) Granting Related Relief [Docket No. 78]

DATED: October 22, 2019

BROWN RUDNICK LLP

By: 

CATHRINE M. CASTALDI
Attorneys for SURPRISE VALLEY HEALTH CARE DISTRICT

EXHIBIT "A"

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE (the "***Agreement***") is made and entered into as of September ___, 2019, by and among SURPRISE VALLEY HEALTH CARE DISTRICT, a California hospital district (the "***District***"), and CADIRA GROUP HOLDINGS, LLC, a Delaware limited liability company ("***CGH***"). The District and CGH are sometimes referred to herein as the "***parties***" collectively, or a "***party***" individually.

RECITALS

WHEREAS, the District is a special health care district formed under the California Local Healthcare District Law. The District operates medical facilities known as the Surprise Valley Community Hospital (the "***Hospital***") and the Surprise Valley Clinic (the "***Clinic***");

WHEREAS, the District had been struggling financially since at least 2014, and was facing a decision as to whether to shutter operations at the end of 2017 due to financial instability.

WHEREAS, on January 4, 2018, the District commenced a voluntary bankruptcy proceeding under Chapter 9 of Title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the Eastern District of California, Sacramento Division (the "***Bankruptcy Court***"), Case Number 18-20070;

WHEREAS, the parties entered into a series of transactions (the "***Transactions***"), subject to bankruptcy court approval, designed to result in a free and clear sale of substantially all of the District's assets to CGH, who proposed to continue operating the Hospital and Clinic for the benefit of the District's residents;

WHEREAS, the Transactions were evidenced by the following agreements: (i) a Limited Liability Company Purchase Agreement, dated February 26, 2018, between the District, as purchaser, and CGH, as seller (as amended, restated, extended, supplemented or otherwise modified from time to time, the "***Lab Purchase Agreement***"); (ii) the Lab Management Agreement, dated February 26, 2018, between the District, as owner, and CGH, as manager (as amended, restated, extended, supplemented or otherwise modified from time to time, the "***Lab Management Agreement,***" and collectively with the Lab Purchase Agreement, the "***Lab Agreements***"); (iii) the Superpriority Senior Secured Credit Agreement, dated February 26, 2018, between the District, as borrower, and CGH, as lender (as amended, restated, extended, supplemented or otherwise modified from time to time, the "***Credit Agreement***"); and (iv) the Asset Purchase Agreement, dated February 26, 2018, between the District, as seller, and CGH, as purchaser (as amended, restated, extended, supplemented or otherwise modified from time to time, the "***APA***");

WHEREAS, pursuant to the APA, the District agreed to sell substantially all of its assets to CGH free and clear of any and all liens and interest as those terms are understood under Section 363 of the Bankruptcy Code in exchange for a purchase price of $4 million (the "***Sale***");

WHEREAS, the Sale required voter approval for a transfer of the District's assets.

WHEREAS, the parties contemplated closing the Sale in late June to allow the District to obtain voter approval of Ballot Measure I (the "***Ballot Initiative***"), which authorized the District to conclude the Sale. Ballot Measure I was placed on the ballot for voters in the Surprise Valley Health Care District on June 5, 2018, and passed by the voters.

WHEREAS, as a necessary part of the overall strategy of the Transactions, the APA required that the District purchase substantially all of CGH's Membership Interest (the "***Membership Interest***") in SeroDynamics, LLC, a Colorado limited liability company (the "***Lab***") prior to the closing of the transactions contemplated by the APA for an agreed purchase price of $2,500,000 (the "***Purchase Price***") pursuant to the Lab Purchase Agreement. Operations of the Lab were supposed to provide an additional source of revenue for the District during the period prior to closing the Sale.

WHEREAS, in order to fund the Lab Purchase and for the District to continue operating the Hospital and the Clinic pending the closing of the Sale, the District, subject to bankruptcy court approval, entered into the Credit Agreement, whereby CGH agreed to extend financing to the District in an amount of up to $4,000,000 (the "***Facility***"), of which $1,500,000 would be available to fund the District's operations (the "***Credit Line***"), and $2,500,000 (the "***Lab Indebtedness***") was used to finance the purchase of the Lab;

WHEREAS, on April 10, 2018, the Bankruptcy Court entered an *Order (I) Granting Senior Secured Status to the Debtor's Postpetition Lender; (II) Authorizing Superpriority Administrative Expense Status for the Postpetition Lender; (III) Finding that the Prepetition Lienholders are Adequately Protected; (IV) Modifying the Automatic Stay; and (V) Granting Related Relief* (the "***Financing Order***"). The Financing Order granted CGH a first priority priming lien on substantially all of the District's assets and authorized the District to effectuate the Credit Agreement and access post-petition financing from CGH;

WHEREAS, pursuant to the Lab Management Agreement, the District engaged CGH to manage the Lab upon the terms and conditions set forth therein;

WHEREAS, pursuant to the Credit Agreement, CGH advanced $743,000 from the Credit Line to the District to continue its operations (the "***Credit Line Advance***");

WHEREAS, on May 30, 2018, the Bankruptcy Court entered an *Order (I) Approving the Sale of Substantially all of the Debtor's Assets Free and Clear of All Liens; (2) Approving of Debtor's Assumption of Certain Unexpired Leases and Determining the Cure Amounts and Approving Debtor's Rejection of those Unexpired Leases and Executory Contracts which are not Assumed and Assigned by Cadira; (3) Waiving the 14-Day Stay Periods set forth in Bankruptcy Rules 6004(h) and 6006(d); and (5) Granting related relief* (the "***Sale Order***"). The Sale Order approved the sale of substantially all of the District's assets to CGH free and clear of any and all liens and interests as those terms are understood under Section 363 of the Bankruptcy Code pursuant to the APA;

WHEREAS, due to changed circumstances, CGH was unable to effectuate the Sale under the APA;

WHEREAS, in anticipating of the closing of the Sale, the District incurred expenses related to preparing for the Sale including, without limitation, undertaking the Ballot Initiative and obtaining the approvals required by the Bankruptcy Court (the "***District Expenses***");

WHEREAS, any litigation involving the District Expenses would be complex, expensive and uncertain for the parties;

WHEREAS, the parties now desire to enter into a settlement agreement relating to the District Expenses and any other losses, claims, debts, liabilities, demands, obligations, promises, acts, omissions, agreements, costs and expenses, damages, actions and causes of actions owed to or held by the parties relating to the APA, Credit Agreement and Lab Agreements or the transactions contemplated thereby (the "***Claims***");

WHEREAS, the parties to the Transactions are the same parties to this Agreement; and

WHEREAS, this Agreement is entered into for the best interest of the District, its estate and its creditors.

NOW, THEREFORE, in consideration of the mutual promises herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, it is agreed by and among the parties as follows:

1. SETTLEMENT

1.1. In consideration of the mutual release granted by the parties and the other terms and conditions of this Agreement, as of the Effective Date (as defined in Section 2.2 hereof), the parties hereto agree to the full and final settlement of the Claims (the "***Settlement***") as follows:

(a) Rescission of the Lab Purchase Agreement: The parties agree to rescind the Lab Purchase Agreement, and all terms and conditions therein are hereby null and void as if the Lab Purchase Agreement had never been entered into by the parties (the "***Rescission***"). In order to effectuate the Rescission, the parties agree to take any and all actions to ensure each respective party is restored in all material respects to the same position with respect to legal and financial arrangements that such party was in before the Transactions were entered into, including without limitation:

(i) The District shall return and deliver to CGH the certificate(s) representing the Membership Interest, endorsed to CGH, along with any other certificate assignments or other instruments delivered in connection with the Lab Purchase Agreement or otherwise purportedly transferred and/or assigned the Membership Interest from CGH to the District;

(ii) CGH shall (x) return the Purchase Price to the District (the "***Lab Credit***") for application in accordance with Section 1.1(1)(A) hereof and (y) take back and assume all of the liabilities and obligations of the District relating to, or arising from, the Lab; and

(iii) Each party shall take the necessary steps to ensure that all payments, benefits, or gains received through the Lab Agreements are returned to the other party,

except that the District shall retain the right to collect on $440,000 of patient charges generated as a result of work performed by the Lab and invoiced under the Hospital's billing system during the period in which the Lab Agreements were in effect. The parties agree that the Hospital will not have received any payments, benefits or other gains under the Lab Agreements that have not been returned to CGH as of or prior to the Effective Date of this Agreement.

(b) Termination of the APA: The parties agree that the APA shall be terminated and shall become void and of no further force or effect whatsoever and, except as expressly set forth in this Agreement, there shall be no further liability or obligation on the part of the District or CGH thereunder or in connection therewith.

(c) Termination and Discharge of the Credit Agreement; Release of Liens:

(i) The parties agree that (x) the Credit Agreement and each other DIP Loan Document (as defined in the Credit Agreement) are hereby automatically and irrevocably terminated, released and discharged, (y) all commitments of CGH under the Credit Agreement to advance funds under the Credit Line are hereby automatically terminated and (z) the DIP Loan Obligations (as defined in the Credit Agreement), including, for the avoidance of doubt, all contingent reimbursement and indemnification obligations, shall be repaid in full and discharged as follows:

(A) The Lab Credit shall be immediately applied to repay, in full, the Lab Indebtedness;

(B) In partial repayment of the Credit Line Advance, the District shall make a single payment, in immediately available funds in the amount of Three Hundred Thousand Dollars ($300,000), which payment shall be made to CGH's counsel, Dentons US LLP (pursuant to wire transfer instructions provided by Dentons US LLP), no later than five (5) business days following the Effective Date (the "***Cash Settlement Amount***"); and

(C) The balance of the Credit Line Advance, less the Cash Settlement Amount, together with all other interest, fees, costs and expenses due and owing to CGH under the Credit Agreement shall be repaid in full as an offset against the District Expenses and the District Expenses shall correspondingly be deemed repaid in full as a result of such offset.

(ii) Upon receipt of the Cash Settlement Amount, and without need for further action by the District, CGH or any other person, all security interests and liens granted to CGH in or on any asset of the District, including without limitation, on any personal property or real property of the District pursuant to the DIP Loan Documents, shall be terminated, released and discharged in full. Without limiting the generality of the foregoing sentence, CGH shall, at the cost and expense of the District, promptly deliver to the District all documents, instruments or filings as the District may reasonably request to evidence such release and termination and all such documents, instruments or filings requested by the District prior to the Effective Date shall have been delivered in escrow to the District's counsel, Brown Rudnick LLP at the address sent forth in Section 6.1 hereof, and shall be automatically released on the Effective Date.

(iii) CGH shall deliver to the District the originally executed DIP Loan Promissory Note, dated February 26, 2018, in an aggregate principal amount of $4,000,000 or, if such instrument cannot be located, deliver an affidavit of loss or similar affidavit in form and substance reasonably satisfactory to the District, at the cost and expense of CGH.

(d) Termination of Lab Management Agreement: The parties agree that the Lab Management Agreement shall be terminated and shall become void and of no further force or effect whatsoever and, except as expressly set forth in this Agreement, there shall be no further liability or obligation on the party of the District or CGH thereunder or in connection therewith.

2. EFFECTIVE DATE AND CONDITIONS PRECEDENT

2.1. Effective Date. For purposes of this Agreement, the "***Effective Date***" means the first date on which all of the following conditions have been met and satisfied:

(a) The District shall prepare and file a motion in the Bankruptcy Court seeking approval of this Agreement (the "Settlement Motion") under the Bankruptcy Code and Bankruptcy Rules, including Bankruptcy Rule 9019. The Settlement Motion and any reply or response in support by the District, and submitted Approval Order shall be in a form and substance reasonably acceptable to CGH and shall be shared with CGH's counsel as soon as reasonably practicable before filing for comments. The Settlement Motion shall expressly request approval of this Agreement and the Settlement. The Settlement Motion must be filed by the District no later than five (5) business days after approval of the settlement agreement by the District's board of directors at a regularly scheduled, or specially set, meeting of the Board, and must be set for hearing as soon as reasonably practicable under applicable procedure.

(b) The Bankruptcy Court shall have entered an order in the Bankruptcy Case approving this Settlement Agreement and authorizing the District to consummate this settlement consistent with the provisions of this Agreement (the "Approval Order") within 45 days after filing of the Settlement Motion (unless such date is mutually extended by the parties in writing); and

(c) The Approval Order shall have become a Final Order within 15 days after entry of the Approval Order (unless such date is mutually extended by the parties in writing). A "Final Order" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in the Bankruptcy Case, as applicable, the operation or effect of which has not been stayed, reversed, or amended by any appeal or petition for review or rehearing, and as to which order or judgment the time to initiate or further appeal has expired.

(d) No order of any court of competent jurisdiction shall have been entered enjoining or restraining the transactions to be performed in this Agreement, and no court of competent jurisdiction shall have determined that the contemplated transactions constitutes a violation of applicable law or would be in contravention of the rights of any Person.

2.2. Failure of Conditions Precedent and Effective Date.

(a) In the event that any of the conditions precedent set forth in Section 2.1 are not satisfied and the Effective Date does not occur, then this Agreement shall be null and void and have no force or effect whatsoever, save and except for Section 2.2(b) below, which shall remain in force and effect.

(b) In the event that any of the conditions precedent set forth in Section 2.1 are not satisfied and the Effective Date does not occur, each of the parties will be restored to the place it was in as of the date this Agreement was executed with the right to assert in any legal proceeding any argument or defense that was available to it at that time; and neither (i) the terms of this Agreement, (ii) the negotiations and proceedings in connection therewith, nor (iii) the fact of the settlement shall be argued to be, used or construed as, offered or received in evidence as, or otherwise constitute an admission, presumption, proof, evidence, or a finding of any liability, fault, wrongdoing, injury or damages, or of any wrongful conduct, acts or omissions on the part of any party.

3. MUTUAL REPRESENTATIONS AND WARRANTIES; COVENANTS

Each party represents and warrants to the other party that:

3.1. Authorization. All corporate action on the part of the respective party and its nominees, officers, directors and equity holders necessary for the authorization, execution and delivery of this Agreement and the performance of all obligations of the respective party hereunder has been taken. This Agreement constitutes a valid and legally binding obligation of the parties, enforceable in accordance with its respective terms.

3.2. Organization of the Parties. Each of the parties is an entity duly organized, validly existing and in good standing under the laws of the state of formation and has full power and authority to carry on its business as it is now being conducted and to own the properties and assets it now owns.

3.3. Agreement Not in Contravention. Neither the execution and delivery of this Agreement, nor the consummation of the transactions provided for herein will (i) result in the material breach of or constitute a material default or give rise to any right of termination, cancellation or acceleration under any of the terms, conditions, or provisions of any lease, license, promissory note, contract, agreement, mortgage, deed of trust or other instrument or document to which each of the parties is a party, or (ii) violate any order, writ, injunction, decree, law, statute, rule or regulation applicable to any of the parties.

3.4. Information and Statements. No representation or warranty made by or on behalf of the parties with respect to the Transactions contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements so made, in light of the circumstances under which they are made, not misleading.

3.5. Tax Matters. Notwithstanding any other provision herein, for all U.S. federal, state and local tax purposes, the parties shall report the consequences of this agreement in a manner consistent with applicable tax laws.

4. MUTUAL RELEASE

4.1. In consideration of the Settlement and the mutual covenants and conditions set forth herein, each party on behalf of itself and its respective partners, current and former agents, successors, assigns, heirs, officers, directors, personal representatives, shareholders, members, employees, executors, and attorneys ("***Affiliates***") hereby forever and finally releases, relieves, acquits, absolves and discharges the other party and their Affiliates from any and all losses, claims, debts, liabilities, demands, obligations, promises, acts, omissions, agreements, costs and expenses, damages, judgments, injuries, suits, actions and causes of action, of whatever kind or nature, whether known or unknown, suspected or unsuspected, matured or unmatured, accrued or unaccrued, liquidated or unliquidated, direct or derivative, contingent or fixed, asserted or unasserted, that they have or hereinafter may, shall or can have, against the other party and their Affiliates, including without limitation claims for indemnification, based upon, related to, or by reason of any matter, cause, fact, act or omission occurring or arising at any moment out of the Lab Management Agreement, the Lab Purchase Agreement, the APA, or the Credit Agreement or any of the transactions contemplated thereby or thereunder.

4.2. The parties acknowledge that they have entered into this Agreement to compromise and resolve disputed claims. Each party acknowledges that this mutual release does not constitute any admission of liability whatsoever on the part of any of the undersigned.

4.3. Each party knowingly and voluntarily waives any and all rights that it or its Affiliates has or may have under the provisions of Section 1542 of the Civil Code of California, which reads as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY HIM, MUST HAVE MATERIALLY, AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Each party acknowledges and agrees that this waiver is an essential and material term of this Agreement which this Agreement would not have been executed.

4.4. Each party represents and warrants that there has been no assignment or transfer of, or giving of a security interest in or encumbrance upon, any interest in any Claim or any other matters released by this Agreement which it or its Affiliates may have against any other party. Each of the parties further represents that such party: (i) has carefully read this Agreement; (ii) knows the contents of this Agreement; (iii) has had the advice of counsel of such party's choosing in connection with the subject matter hereof, and the advice thereof is reflected in the provisions of this Agreement; and (iv) has not been influenced to any extent whatsoever in doing so by any

other party or by any other person or entity, except for those representations, statements and promises expressly set forth herein.

5. INDEMNIFICATION

Each party, including any succeeding bankruptcy trustee or bankruptcy estate, shall defend, indemnify, and hold the other harmless from and against any and all losses, damages, liabilities and expenses (including penalties and attorneys' fees) which are incurred or suffered by or imposed upon the other party arising out of or relating to (i) any failure or breach by the party to perform any of its covenants, agreements or obligations under this Agreement, or (ii) any inaccuracy or incompleteness of any of the representations and warranties of the party contained in this Agreement.

6. MISCELLANEOUS

6.1. Notices. All notices, requests, consents, demands, and other communications hereunder shall be in writing (including a writing delivered by email transmission) and shall be deemed to have been duly given (i) when delivered, if sent by registered or certified mail (return receipt requested, (ii) when delivered, if delivered personally or by email, or (iii) on the following business day, if sent by United States Express Mail or overnight courier, in each case to the parties at the following addresses (or at such other addresses as shall be specified by like notice):

If to Seller to:

Surprise Valley Health Care District
7741 North Main Street
Cedarville, California 94104
Attention: Administrator
Telephone (530) 279-6111, extension
Email: dbrandon@svhospital.org

with a copy to:

Brown Rudnick LLP
2211 Michelson Drive, Suite 700
Irvine, California 92612
Attention: Cathrine M. Castaldi, Esq.
Telephone 949-752-7100
Email: ccastaldi@brownrudnick.com

If to Buyer to:

Cadira Group Holdings, LLC
4177 Xavier Street
Denver, Colorado 80212
Attention: Beau Gertz
Telephone: 303-877-8789
Email: beaugertz@gmail.com

with a copy to:
Dentons (US) LLP
1221 McKinney Street, Suite 1900
Houston, Texas 77010
Attention: Edward T. Laborde, Jr., Esq.
Telephone: (713) 658-4641
Email: edward.laborde@dentons.com

6.2. Counterparts. This Agreement may be executed in any number of counterparts, including facsimiles thereof, each of which shall be an original, but such counterparts together shall constitute one and the same instrument.

6.3. Entire Agreement. Unless otherwise specifically agreed in writing, this Agreement represents the entire understanding of the parties with reference to the transactions set forth herein and supersede all prior warranties, understandings and agreements heretofore made by the parties, and neither this Agreement nor any provisions hereof may be amended, waived, modified or discharged except by an agreement in writing signed by the party against whom the enforcement of any amendment, waiver, change or discharge is sought.

6.4. Assignment of Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns, including any succeeding bankruptcy estate or bankruptcy trustee. No party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other party.

6.5. Governing Law and Attorneys' Fees. This Agreement shall be governed by and construed in accordance with the laws of the State of California. In the event of any action at law or suit in equity in relation to this Agreement or any Exhibit or other instrument or agreement required hereunder, the prevailing party in such action or suit shall be entitled to receive its or his attorneys' fees and all other costs and expenses of such action or suit.

6.6. Further Action. In case at any time after the date of this Agreement any further action is necessary or desirable to carry out the purposes of this Agreement, the appropriate person or persons shall take such action as promptly as practicable and at their own sole cost and expense.

6.7. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

6.8. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT.

6.9. Jurisdiction. During the pendency of the Chapter 9 Case, the Bankruptcy Court shall have sole and exclusive jurisdiction over the parties hereto with respect to any dispute or controversy between them which arises under or in connection with this Agreement.

[Signature Page Follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

CADIRA GROUP HOLDINGS, LLC

By: _____
Name:
Title:

SURPRISE VALLEY HEALTHCARE DISTRICT

By: _____
Name:
Title:

EXHIBIT "B"

SUPERPRIORITY SENIOR SECURED CREDIT AGREEMENT

CADIRA GROUP HOLDINGS, LLC
(as Lender and Secured Party)

and

SURPRISE VALLEY HEALTH CARE DISTRICT

Dated: February 26, 2018

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SUPERPRIORITY SENIOR SECURED CREDIT AGREEMENT

SUPERPRIORITY SENIOR SECURED CREDIT AGREEMENT, dated as of February 26, 2018 (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), by and among **CADIRA GROUP HOLDINGS, LLC**, a Delaware, limited liability company, in its capacity as a Lender hereunder ("**Lender**" or "**Secured Party**"), and **SURPRISE VALLEY HEALTH CARE DISTRICT**, a California health care district (the "**Debtor**").

BACKGROUND

A. On January 4, 2018 (the "**Petition Date**"), the Debtor filed a voluntary case under Chapter 9 of the Bankruptcy Code pending in the United States Bankruptcy Court for the Eastern District of California, Case No. 18-20070 (the "**Chapter 9 Case**"), and the Debtor has retained possession of its assets and is authorized under the Bankruptcy Code to continue the operation of its business.

B. In connection with the Chapter 9 Case, the Debtor has requested that the Lender provide it with a senior secured superpriority term loan facility in an aggregate principal amount not to exceed $4,000,000.00, consisting of $2,804,000.00 on an interim basis ($2,500,000 of which shall be used to finance the Lab Purchase Transaction described herein) and an additional $1,196,000.00 on a final basis. All of the Debtor's obligations under the DIP Loan are to be secured by first priority priming Liens (subject only to the Carve-Out and other exceptions set forth herein and in the other DIP Loan Documents) on the Collateral. The Lender is willing to extend such credit under such facility to the Debtor on the terms and subject to the conditions set forth herein.

C. This Agreement and the rights and obligations of the Lender and Debtor hereunder shall be subject to approval of the Bankruptcy Court in the Chapter 9 Case pursuant to a Financing Order in form and substance acceptable to Lender in its sole and absolute discretion. Without limiting the generality of the foregoing, Lender has advanced $304,000.00 prior to the date hereof (the "**Initial Advance**"), and such amounts are hereby intended to be included as DIP Loan Obligations under this Agreement and will be included in the financings approved in such Financing Order and as DIP Loan Obligations under this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Definitions

As used in this Agreement, the following terms shall have the meanings set forth below:

Accounts shall mean all of each of the Debtor's now existing and future: (a) accounts (as defined in the UCC), and any and all other receivables (whether or not specifically listed on schedules

furnished to the Lender), including, without limitation, all accounts created by, or arising from, all of the Debtor's operations, sales, leases, rentals of goods or renditions of services to its patients and customers, including but not limited to, those accounts arising under the Debtor's trade names or styles, or through the Debtor's divisions; (b) any and all instruments, documents, chattel paper (including electronic chattel paper) (all as defined in the UCC); (c) unpaid seller's or lessor's rights (including rescission, replevin, reclamation, repossession and stoppage in transit) relating to the foregoing or arising therefrom; (d) rights to any goods represented by any of the foregoing, including rights to returned, reclaimed or repossessed goods; (e) reserves and credit balances arising in connection with or pursuant hereto; (f) guarantees, supporting obligations, payment intangibles and letter of credit rights (all as defined in the UCC); (g) insurance policies or rights relating to any of the foregoing; (h) general intangibles pertaining to any and all of the foregoing (including all rights to payment, including those arising in connection with bank and non-bank credit cards), and including books and records and any electronic media and software thereto; (i) notes, deposits or property of account debtors securing the obligations of any such account debtors to the Debtor or any of them; and (j) cash and non-cash proceeds (as defined in the UCC) of any and all of the foregoing.

Asset Purchase Agreement shall mean the Asset Purchase Agreement to be executed between the Debtor and Lender, pursuant to which Lender and the Debtor will complete the Sale Transaction for an aggregate purchase price of $4,000,000.

Availability shall mean, as at any time of calculation, the amount by which: (a) the Line of Credit exceeds (b) the outstanding aggregate amount of all DIP Loans outstanding at such time.

Bankruptcy Code shall mean the United States Bankruptcy Code, being Title 11 of the United States Code as enacted in 1978, as the same has heretofore been or may hereafter be amended, recodified, modified, or supplemented, together with all rules, regulations and interpretations thereunder or related thereto.

Bankruptcy Court shall mean the United States Bankruptcy Court or the United States District Court for the Eastern District of California, Sacramento Division.

Business Day shall mean any day that is not Saturday, Sunday or a Legal Holiday as such term is defined in Rule 9006(a)(6) of the Federal Rules of Bankruptcy Procedure.

Carve-Out shall mean: (A) unless and until the DIP Loans and all other DIP Loan Obligations are repaid in full (i) U.S. Trustee fees, pursuant to 28 U.S.C. § 1930 (the "U.S. Trustee Fees") and (ii) a total of $655,000.00 for all professional expenses incurred by all Debtor professionals at any time, whether or not then allowed or paid (but subject to ultimate allowance) payable out of the DIP Collateral, including all expenses of counsel permitted under the DIP Budget. Notwithstanding anything contained in this paragraph to the contrary nothing in this paragraph shall be construed to impair the ability of any interested party to object to any professional expenses sought by any professional person.

Closing Date shall mean the date that this Agreement has been duly executed by the parties hereto and delivered to each other.

Collateral shall have the meaning set forth in Section 6 of this Agreement.

Copyrights shall mean all of the Debtor's present and hereafter acquired copyrights, copyright registrations, supplemental registrations recordings, applications, designs, styles, licenses, marks, prints and labels bearing any of the foregoing, goodwill, all extension and renewals thereof, all cash and non-cash proceeds thereof, including, without limitation, all income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present and future infringements, misappropriations or other violations with respect thereto, and rights to sue or otherwise recover for past, present and future infringements, misappropriations or violations thereof.

County shall mean County of Modoc in the State of California.

Debtor shall have the meaning set forth in the preamble of this Agreement and shall be deemed to include the Debtor as the debtor in the Chapter 9 Case, and its successors and assigns.

Default shall mean any event specified in Section 10 hereof, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, event or act, has been satisfied.

Default Rate of Interest shall mean a fixed rate of interest per annum on any DIP Loan Obligations hereunder, equal to ten percent (10%), which the Lender shall be entitled to charge the Debtor on all DIP Loan Obligations due the Lender by the Debtor, as further set forth in Paragraph 10.2 of Section 10 of this Agreement.

DIP Budget shall mean the budget agreed to by the Debtor and the Lender and attached hereto as Schedule 3.

DIP Loan Account shall mean the account on the Lender's books, in the Debtor's name and on behalf of the Debtor, in which the Debtor will be charged with all DIP Loan Obligations.

DIP Loan Documents shall mean this Agreement, the Promissory Note, deposit account control agreements securing the DIP Loan Obligations, the other closing documents, instruments and certificates, and any other ancillary loan and security agreements executed from time to time in connection with this Agreement, all as may be renewed, amended, restated, extended, increased or supplemented from time to time.

DIP Loan Obligations shall mean all loans, advances and extensions of credit made or to be made by the Lender to the Debtor, or to others for the Debtor's account, pursuant to this Agreement (including, without limitation, all DIP Loans), whether now in existence or incurred by the Debtor from time to time hereafter; whether principal, interest, fees, costs, expenses or otherwise, and including, without limitation all Out-of-Pocket-Expenses; whether secured by pledge, Lien upon or security interest in any of the Debtor' Collateral, assets or property or the assets or property of any other Person; whether such indebtedness is absolute or contingent, joint or several, matured or unmatured, direct or indirect and whether the Debtor is liable to the

Lender for such indebtedness as principal, surety, endorser, guarantor or otherwise. The DIP Loan Obligations shall also include the Election Termination Fee, if applicable in accordance with the terms of Section 11.2.

DIP Loans shall mean the loans made by the Lenders to the Debtor pursuant to Section 3.1, including, for the avoidance of doubt, the Initial Advance.

Documents of Title shall mean all of the Debtor's present and future documents (as defined in the UCC), and any and all warehouse receipts, bills of lading, shipping documents, chattel paper, instruments and similar documents, all whether negotiable or not and all goods and Inventory relating thereto and all cash and non-cash proceeds of the foregoing.

Election Termination Fee shall mean the amount, if any, equal to twenty percent (20%) of the cumulative Net Monthly Profits (as such term is defined in the Lab Management Agreement) received by Debtor following the completion of the Lab Purchase Transaction, which amount shall become due payable by the Debtor to the Lender in the event the Sale Transaction is not approved by the citizens of the County in accordance with this Agreement.

Equipment shall mean all of the Debtor's present and hereafter acquired equipment (as defined in the UCC) including, without limitation, all machinery, equipment, furnishings and fixtures, and all additions, substitutions and replacements thereof, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto and all proceeds thereof of whatever sort.

ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and the rules and regulations promulgated thereunder from time to time.

Event(s) of Default shall have the meaning provided for in Section 10 of this Agreement.

Financing Orders shall mean any financing order in form and substance acceptable to Lender in its sole and absolute discretion, entered by the Bankruptcy Court authorizing the financing on terms and conditions set forth in this Agreement, granting to Lender the senior security interests and Liens described herein and super-priority administrative expense claims (subject to the Carve-Out expenses) and modifying the automatic stay and other provisions required by Lender and its counsel.

General Intangibles shall mean all of the Debtor's present and hereafter acquired general intangibles (as defined in the UCC), and shall include, without limitation, all present and future right, title and interest in and to: (a) choses in action and causes of action and all other intangible personal property of the Debtor of every kind and nature (other than Accounts), (b) corporate and business records, contract rights, (c) Intellectual Property including the proceeds or royalties of any licensing agreements, (d) goodwill, (e) registrations, licenses, permits and franchises, (f) all customer lists, distribution agreements, supply agreements, blue prints, indemnification rights and tax refunds, (g) all uncertificated equity interests in other companies (other than any stock or other equity ownership interests constituting "Securities" as defined in the UCC), (h) any letter of credit, guarantees, claim, security interests or other security held by or granted to the Debtor to secure payment by any account debtor of any of the accounts, and (i) all monies and claims for monies now or hereafter due and payable in connection with any of the foregoing or otherwise,

and all cash and non-cash proceeds thereof.

Indebtedness shall mean, without duplication, all liabilities, contingent or otherwise, which are any of the following: (a) obligations in respect of borrowed money or for the deferred purchase price of property, services or assets, (b) lease obligations which, in accordance with appropriate accounting principles, have been, or should be capitalized.

Initial Advance shall have the meaning set forth in the recitals of this Agreement.

Insurance Proceeds shall mean proceeds or payments from an insurance carrier with respect to any loss, casualty or damage to Collateral.

Intellectual Property means a collective reference to all rights, priorities and privileges relating to intellectual property, including, without limitation (a) all Trademarks, tradenames, corporate names, business names, logos and any other designs or sources of business identities, (b) all Patents, together with any improvements on said Patents, utility, models, industrial models, and designs, (c) all Copyrights, (d) all trade secrets, (e) all licenses of any of the foregoing and (f) the right to sue or otherwise recover for past, present and future infringement, dilution, misappropriation or other violation or impairment thereof, including the right to receive all proceeds therefrom, including without limitation license fees, royalties, income, payments, claims, damages and proceeds of suit, now or hereafter due and/or payable with respect thereto.

Inventory shall mean all of each of the Debtor's present and hereafter acquired inventory (as defined in the UCC) and including, without limitation, all merchandise, inventory and goods, and all additions, substitutions and replacements thereof, wherever located, together with all goods and materials used or usable in manufacturing, processing, packaging or shipping the same in all stages of production from raw materials through work-in-process to finished goods and all proceeds thereof of whatever sort.

Investment Property shall mean all now owned and hereafter acquired investment property (as defined in the UCC), together with all equity interests (whether or not constituting "Securities" as defined in the UCC) held by the Debtor in any other company, all certificates representing any such equity interests, all dividends, distributions and other amounts payable on or in respect of such equity interests, and all proceeds of the foregoing.

Lab Management Agreement shall mean the management service agreement pursuant to which Lender (or one of its affiliated entities) will provide management and marketing services to Debtor.

Lab Purchase Agreement shall mean the limited liability company purchase agreement between the Lender and Debtor pursuant to which the Debtor will complete the Lab Purchase Transaction.

Lab Purchase Transaction shall mean the Debtor's acquisition of Serodynamics, LLC, a Colorado limited liability company, owner and operator of a CAP-accredited laboratory facility located in Denver, Colorado for not less than $2,500,000.00.

Lien shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset, (c) in the case of

securities, any purchase option, call or similar right of a third party with respect to such securities.

Line of Credit shall mean the aggregate obligation of the Lender to make DIP Loans pursuant to Section 3 of this Agreement in the aggregate principal amount equal to $4,000,000.00 (which amount shall include $2,500,000 to finance the Lab Purchase Transaction and the Initial Advance).

Maturity Date shall mean the earlier of (i) July 31, 2018, (ii) the effective date of any plan of adjustment of the Debtor, (iii) dismissal of any of the Chapter 9 Case, (iv) closing of any sale of substantially all the assets of the Debtor or (v) vote against the Sale Transaction by the citizens of the County in a duly held election.

Milestones shall have the meaning set forth in section 10.1(j) of this Agreement.

Other Collateral shall mean all of the Debtor's now owned and hereafter acquired lockbox, blocked account and any other deposit accounts maintained with any bank or financial institutions into which the proceeds of Collateral are or may be deposited; all other deposit accounts; all cash and other monies and property in the possession or control of the Lender; all books, records, ledger cards, disks and related data processing software at any time evidencing or containing information relating to any of the Collateral described herein or otherwise necessary or helpful in the collection thereof or realization thereon; and all cash and non-cash proceeds of the foregoing.

Out-of-Pocket Expenses shall mean all of the present and future expenses of the Lender, not to exceed $25,000, incurred relative to this Agreement, or other DIP Loan Document, or negotiation or approval of the same in the Chapter 9 Case, whether incurred heretofore or hereafter, which expenses shall include, without being limited to: the cost of record searches, all costs and expenses incurred by the Lender in opening bank accounts, depositing checks, receiving and transferring funds, and wire transfer charges, any charges imposed on the Lender due to returned items and "insufficient funds" of deposited checks; expenses in connection with any amendment or modification of this Agreement or any other DIP Loan Document; following the occurrence and during the continuation of an Event of Default, reasonable travel, lodging and similar customary expenses of the Lender's personnel in connection with inspecting and monitoring the Collateral, any applicable counsel fees and disbursements, and fees and taxes relative to the filing of financing statements, *provided however,* that Out-of-Pocket Expenses incurred in connection with and following an Event of Default and all expenses, costs and fees set forth in Paragraph 10.3 of Section 10 of this Agreement shall not be capped at $25,000.

Patents shall mean all of the Debtor's present and hereafter acquired patents, patent applications, registrations, recordings, including, in each case, any reissues or renewals thereof, any inventions and improvements claimed thereunder, all cash and non-cash proceeds thereof including, without limitation, all licenses, income, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including, without limitation, damage and payments for past, present and future infringements, misappropriations, or other violations with respect thereto , and all rights to sue or otherwise recover for past, present and future infringements, misappropriations or violations thereof.

Permitted Encumbrances shall mean: (a) Liens consented to in writing by the Lender; (b) statutory Liens of landlords, banks (and rights of set off), of carriers, warehousemen, mechanics, repairmen, workmen and materialmen or customers in connection with purchase orders and other

agreements entered into in ordinary course of business, and other Liens imposed by law; (c) (i) Liens evidenced by the filing of precautionary UCC financing statements and (ii) Liens arising from UCC financing statements regarding operating leases or consignments entered into by the Loan Parties in the ordinary course of business; (d) deposits made (and the Liens thereon) in the ordinary course of business of the Debtor (including, without limitation, security deposits for leases, indemnity bonds, surety bonds and appeal bonds) in connection with workers' compensation, unemployment insurance and other types of social security benefits or to secure the performance of tenders, bids, contracts (other than for the repayment or guarantee of borrowed money or purchase money obligations), statutory obligations and other similar obligations arising as a result of progress payments under government contracts; (e) easements (including, without limitation, reciprocal easement agreements and utility agreements), encroachments, minor defects or irregularities in title, variation and other restrictions, charges or encumbrances (whether or not recorded) affecting the Real Estate, if applicable, and which in the aggregate (A) do not materially interfere with the occupation, use or enjoyment by the Debtor of its business or property so encumbered and (B) in the reasonable business judgment of the Lender do not materially and adversely affect the value of such Real Estate; (f) Liens granted to the Lender by the Debtor securing DIP Loan Obligations; (g) [intentionally omitted]; (h) Liens for Taxes which are not yet due and payable or which are being diligently contested in good faith by the Debtor by appropriate proceedings and for which adequate reserves have been made in accordance with appropriate accounting principles; (i) any zoning or similar law or right reserved to or vested in any governmental office or agency to control or regulate the use of any real property; (j) Liens securing judgments for payment of money not yet constituting an Event of Default and described on Schedule 4 hereto; and (k) Liens granted under the Financing Orders.

Permitted Indebtedness shall mean: (a) current Indebtedness maturing in less than one year and incurred in the ordinary course of business for raw materials, supplies, equipment, services, Taxes or labor; (b) Indebtedness of the Debtor incurred to finance or refinance the acquisition, leasing, construction or improvement of fixed or capital assets (whether pursuant to a loan, a capital lease or otherwise) as set forth on Schedule 4 hereto, or otherwise permitted pursuant to this Agreement, including for the Lab Purchase Transaction; (c) [Intentionally Omitted]; (d) [Intentionally Omitted]; and (e) other Indebtedness existing on the date of execution of this Agreement and listed in the most recent financial statement delivered to the Lender or otherwise disclosed in writing to the Lender in writing prior to the Closing Date.

Person shall mean any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

Petition Date shall have the meaning provided for in the recitals of this Agreement.

Pre-Petition Collateral shall mean any assets of the Debtor constituting Collateral under Section 6.5 (other than clause (k) thereof) owned by the Debtor as of the Petition Date.

Prepetition Liens shall mean (l) the tax liens in favor of the United States of America, assessed by the District Director of Internal Revenue, (i) in the amount of $406,836.96, recorded with the County on February 22, 2016 as instrument 2016-0000785-00, (ii) in the amount of $142,170.27, recorded with the County on May 3, 2016 as instrument 2016-0001288-00 and filed with the Secretary of State of the State of California on May 10, 2016 as document 16-7526277215, (iii) in

the amount of $143,401.57, recorded with the County on September 20, 2016 as instrument 2016-0002600-00 and filed with the Secretary of State of the State of California on September 22, 2016 as document 16-7547664743, and (iv) in the amount of $2,511.32, recorded November 8, 2016 as instrument 2016-0003020-00 with the Modoc County Official Records and filed with the Secretary of State of the State of California on November 10, 2016 as document 16-7558253709; (2) the Deed of Trust and Assignment of Rents, dated November 16, 2015, between the Debtor, as trustor, Modoc County Title Co., as Trustee, and Gary L. Odgers and Ann Wylie Odgers, Trustees of The Odgers Family Trust dated November 20, 2006, and recorded with the County on November 19, 2015 as instrument 2015-0002986-00 and (3) Abstract of Support Judgment in favor of Medliant, in an amount of $128,702.14, entered on August 8, 2017 and recorded on September 18, 2017 with the County as instrument 2017-0003058-00, relating to Case No. CPF-17-515708, Superior Court of California, County of San Francisco.

Promissory Note shall mean the note, if any, in the form of Exhibit A attached hereto, delivered by the Debtor to the Lender to evidence the DIP Loans pursuant to, and repayable in accordance with, the provisions of Section 3 of this Agreement.

Real Estate shall mean the Debtor's fee interests in real property.

Real Estate Leases shall mean the Debtor's leasehold interests in real property as lessee.

Sale Transaction shall mean a sale of all or substantially all of the Debtor's assets to Lender for $4,000,000 and approved by the Bankruptcy Court pursuant to the Asset Purchase Agreement.

Superpriority Claim shall mean a claim by Lender against the Debtor in the Chapter 9 Case which is an administrative expense claim having priority over any or all other administrative expenses of any kind specified in Section 503(b) of the Bankruptcy Code, subject to the Carve-Out.

Taxes shall mean all federal, state, municipal and other governmental taxes, levies, charges, claims, imposts, duties, deductions, withholdings (including backup withholding), fees, assessments, including any interest, additions to tax or penalties applicable thereto which are or may be due by the Debtor with respect to its business, operations, Collateral or otherwise.

Trademarks shall mean all of the Debtor's present and hereafter acquired trademarks, trademark registrations, recordings, applications, tradenames, trade styles, service marks, corporate names, company names, business names, fictitious business names, trade dress, logos, other source or business identifiers, prints and labels (on which any of the foregoing may appear), designs and general intangibles of like nature, and all registrations and recording applications filed in connection therewith, all goodwill associated therewith or symbolized thereunder, all licenses, reissues, extension, and renewals thereof, and all cash and non-cash proceeds thereof, including, but not limited to, income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present and future infringements, misappropriations or other violations with respect thereto, and rights to sue or otherwise recover for past, present and future infringements, misappropriations or violations thereof.

UCC shall mean the Uniform Commercial Code as the same may be amended and in effect from

time to time in the state of Delaware or any other applicable jurisdiction.

SECTION 2. [Intentionally Omitted]

SECTION 3. DIP Loans

3.0 [Intentionally Omitted]

3.1 (a) The Lender shall, subject to the terms and conditions of this Agreement and the Financing Orders, from time to time, make DIP Loans at the request of the Debtor; provided, however, that at the time such DIP Loan is made such DIP Loan is within the Availability and the DIP Budget set forth on Schedule 3 and (x) that the aggregate outstanding principal amount of such DIP Loans shall not exceed the Line of Credit and (y) the amount of DIP Loans made on or after the entry of any Financing Order shall not exceed the amount authorized by the Financing Order. For the avoidance of doubt, the parties agree that the Initial Advance shall be included as DIP Loan Obligations under this Agreement and shall be deemed to constitute a DIP Loan for all purposes hereunder. Amounts repaid at any time to Lender may not be reborrowed.

(b) To the extent a DIP Loan is made, the Debtor unconditionally agrees that it is and shall be responsible for repayment to Lender of the entire amount of all outstanding DIP Loans and all DIP Loan Obligations.

(c) Whenever the Debtor desires the Lender to make a DIP Loan pursuant to this Section 3, the Debtor shall give the Lender notice in writing or irrevocable telephonic notice confirmed promptly in writing, substantially in the form of borrowing notice attached hereto as Exhibit B (the "Borrowing Notice") specifying (A) the amount to be borrowed, (B) the requested borrowing date (which shall be a Business Day and shall be prior to the Maturity Date, and prior to any effective termination date of this Agreement, all as further set forth herein), and (C) the other matters set forth in the Borrowing Notice. All Borrowing Notices must be received by the Lender no later than 1:00 P.M. New York time two (2) Business Days prior to the proposed borrowing date (unless otherwise agreed to by the Lender and Debtor). The procedure for DIP Loans to be made on a requested borrowing date may be such other procedure as is mutually satisfactory to the Debtor and the Lender.

(d) Upon the request of the Lender, the DIP Loan shall be evidenced by a Promissory Note in the form of Exhibit A attached hereto.

(e) Notwithstanding any provision of this Agreement to the contrary, all payments due by the Debtor under this Agreement, whether for principal, interest, fees, costs, indemnities, expenses or otherwise, shall be payable in United States dollars at the Lender's office specified in Section 12.6 of this Agreement without setoff, counterclaim or other deduction of any kind.

3.2 [Intentionally Omitted]

3.3 [Intentionally Omitted]

3.4 No later than 30 days following the Closing Date (or such later date as the Lender may agree in its sole discretion), the Debtor will provide to Lender one or more properly executed deposit account control agreements, in form and substance satisfactory to Lender,

providing Lender with a first priority, properly perfected security interest (subject to Prepetition Liens until, and only until, a Financing Order is entered granting Lender a first priority security interest) in each of the Debtor's deposit accounts held at Plumas Bank and any other bank or lending institution (other than deposit accounts used primarily for payroll taxes or other employee benefits and any other deposit account where applicable law prohibits the granting of "control" (as defined in the UCC) over such deposit account.

3.5 [Intentionally Omitted].

3.6 (a) The Lender shall maintain a single DIP Loan Account on its books in which the Debtor will be charged with all DIP Loans made by the Lender to the Debtor, and with any other DIP Loan Obligations. The Debtor will be credited with all amounts received by the Lender from the Debtor or from others for the Debtor's account, including all amounts received by the Lender in payment of Accounts, and such amounts will be applied to payment of the DIP Loan Obligations as set forth herein. In no event shall prior recourse to any Accounts or other security granted to or by the Debtor be a prerequisite to the Lender's right to demand payment of any DIP Loan Obligation that is otherwise due in accordance with this Agreement. Further, it is understood that the Lender shall have no obligation whatsoever to perform in any respect of the Debtor contracts or obligations relating to the Accounts.

3.7 After the end of each month, the Lender shall promptly send the Debtor a statement showing the accounting for the DIP Loans and other DIP Loan Obligations made or incurred during that month, together with all DIP Loan Obligations paid, repaid or prepaid during that month. The monthly statements shall be deemed correct and binding upon the Debtor and shall constitute an account stated between the Debtor and the Lender absent manifest error unless the Lender receives a written statement of the exceptions within thirty (30) days of the date of the monthly statement. Notwithstanding the foregoing, failure by the Lender to deliver any such statement shall not affect in any manner the amount, validity or enforceability of any such charge, loan advance or other transaction.

3.8. The proceeds of the DIP Loans shall be used strictly in accordance with the DIP Budget to: (i) finance the Lab Purchase Transaction; (ii) provide working capital to the Debtor in the Chapter 9 Case in order to maintain operations of the Hospital and Clinic and in order to facilitate a Sale Transaction; and (iii) to fund the professional fees and the US Trustee fees set forth in the DIP Budget. The proceeds of the DIP Loans shall not be used to fund the operations of, or the administration of the Chapter 9 Case of, any subsidiary or affiliate of the Debtor without the prior written consent of the Lender, except as set forth above.

SECTION 4. Conditions to Effectiveness and Lending

4.1 Conditions to Funding. The obligation of the Lender to make any DIP Loans (other than the Initial Advance) is subject to the satisfaction by Debtor or waiver by Lender of the following conditions precedent:

(a) Subject to Sections 3.4 and 7.5, this Agreement and each of the other DIP Loan Documents shall be in form and substance reasonably satisfactory to the Lender, and shall have been duly executed by the Debtor and any other necessary parties (including, with respect to any deposit account control agreements, the applicable lending institution(s)) and

delivered to the Lender.

(b) A Financing Order shall have been entered and shall be in full force and effect, shall not have been vacated or reversed, shall not be subject to a stay and shall not have been modified or amended in any respect without the prior written consent of the Lender; *provided however,* that if the Financing Order is the subject of a pending appeal in any respect, neither the making of the DIP Loans nor the performance by the Debtor of its obligations under any of the DIP Loan Documents shall be the subject of a presently effective stay pending appeal; *provided, further*, that it shall not be a requirement that this clause (b) be satisfied as a condition to the making of a DIP Loan in an amount of $2,500,000 to finance the Lab Purchase Transaction).

(c) [Intentionally Omitted].

(d) The Debtor shall be in compliance with the provisions of Sections 3.4 and 7.5 hereof.

(e) The Lender shall have received, in a form reasonably satisfactory to it, the DIP Budget commencing with the week during which the Petition Date occurred.

(f) The definitive agreements providing for the Lab Purchase Transaction, the Lab Management Agreement and the transactions associated therewith, and the Sale Transaction shall have been executed by the applicable parties.

(g) The Debtor shall have initiated and continued, the process with the County of obtaining a waiver and ultimate removal of all deed restrictions impacting the Sale Transaction to the satisfaction of Lender in its sole and absolute discretion.

(h) All pleadings filed in the Chapter 9 Case related to the approval of significant transactions, including, without limitation, the Sale Transaction, regardless of when filed or entered, shall be reasonably satisfactory in form and substance to the Lender.

(i) [Intentionally Omitted].

(j) [Intentionally Omitted].

(k) The Debtor shall pay all fees and reasonable and documented Out-of-Pocket Expenses of the Lender (including the reasonable and documented fees and expenses of outside counsel and financial advisors), accrued and payable on or prior to the date of any borrowing, *provided however,* that neither the Lender nor its advisors shall be required to file any fee applications or otherwise seek Bankruptcy Court approval of such Out-of-Pocket Expenses.

SECTION 5. [Intentionally Omitted]

SECTION 6. Collateral

6.1 The Debtor hereby acknowledges, confirms and agrees that, upon the entry of a Financing Order, pursuant to Section 364(c)(1) of the Bankruptcy Code, and subject only to the Carve-Out, the DIP Loan Obligations shall at all times constitute an allowed Superpriority Claim in the Chapter 9 Case of the Debtor.

6.2 The Debtor hereby acknowledges, confirms and agrees that, upon the entry of a Financing Order, pursuant to Section 364(c)(2) of the Bankruptcy Code, and subject only to the Carve-Out, the DIP Loan Obligations shall at all times be secured by first priority, valid, binding, enforceable and perfected security interests in, and Liens upon, all unencumbered tangible and intangible property of the Debtor, including such property that is subject to valid and perfected Liens in existence on the Petition Date, which Liens are thereafter released or otherwise extinguished in connection with the satisfaction of the obligations secured by such Liens.

6.3 Other than with respect to the DIP Loans, Permitted Encumbrances, and the Prepetition Liens, none of the Debtor's assets is subject to any Liens.

6.4 The Debtor hereby acknowledges, confirms and agrees that, upon the entry of a Financing Order, pursuant to Section 364(d)(1) of the Bankruptcy Code and subject only to the Carve-Out, the DIP Loan Obligations shall at all times be secured by first priority, priming, valid, binding enforceable and perfected security interests in, and Liens upon, the Pre-Petition Collateral and all other assets of the Debtor (the "**Priming Liens**") to the extent the Pre-Petition Collateral and any other assets of the Debtor are subject to Liens existing on the Petition Date (including the Prepetition Liens), and to any setoff, recoupment or off set rights of any governmental agency with respect to Medicare provider payments or CMS accounts receivable (the "**Primed Liens**"). Upon the entry of a Financing Order, the Priming Liens shall be senior in all respects to the interests in such property of any lender holding a Primed Lien and any other Person and shall also be senior to any Liens granted to provide adequate protection in respect of any of the Primed Liens.

6.5 As security for the prompt payment in full of all DIP Loan Obligations, the Debtor hereby pledges and grants to the Lender a continuing, valid, perfected, priming, first priority and senior general Lien upon, and security interest in (subject to the Carve-Out and Prepetition Liens until, in the case of Prepetition Liens, a Financing Order is entered granting Lender a priming, first priority and senior security interest over the Prepetition Liens, at which point such Lien shall be subject only to the Carve-Out), all right, title and interest in and to all of the assets of the Debtor, whether now existing or hereafter arising or acquired and wherever located, including without limitation any such property in which a Lien is granted to Lender pursuant to any DIP Loan Document, any Financing Order or any other order entered or issued by the Bankruptcy Court, and including, but not limited to, the following (collectively, the "Collateral"):

(a) Accounts, including accounts receivable;

(b) Cash and cash collateral as defined in Section 363(a) of the Bankruptcy Code;

(c) Inventory;

(d) General Intangibles;

(e) Intellectual Property;

(f) Investment Property

(g) Documents of Title;

(h) Other Collateral;

(i) Equipment;

(j) Real Estate and Real Estate Leases (including security deposits);

(k) the Pre-Petition Collateral;

(l) all present and future claims, rights, interests, assets and properties recovered by or on behalf of the Debtor or any trustee of the Debtor, but excluding property recovered as a result of transfers or obligations avoided or actions maintained or taken pursuant to, inter alia, Sections 542, 545, 547, 548, 549, 550, 552 and 553 of the Bankruptcy Code, subject to the terms of any applicable order of the Bankruptcy Court; and

(m) all products and proceeds of the foregoing, including all additions, attachments, substitutions, replacements, accessions and accessories, and all insurance policies and Insurance Proceeds relating in whole or part to the foregoing;

provided, however, that in no event shall Collateral include, nor shall the security interest granted under this Section 6.5 attach to: (i) any lease, license, contract, property rights or agreement to which the Debtor is a party (or to any of its rights or interests thereunder) if and only to the extent that the grant of such security interest would constitute or result in either (x) the abandonment, invalidation or unenforceability of any right, title or interest of the Debtor therein or (y) in a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract, property rights or agreement (other than, in each case, to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC or otherwise (including any debtor relief law or principle of equity)), provided, however, that the Collateral shall include (and such security interest shall attach) immediately at such time as the contractual or legal provisions referred to above shall no longer be applicable and to the extent severable, and shall attach immediately to any portion of such permit, lease, license, contract or agreement not subject to the provisions specified in clause (A)(i) above, (ii) any intent-to-use Trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein word impair the validity or enforceability of such intent-to-use Trademark applications and (iii) any specifically identified asset with respect to which the Lender has confirmed in writing to the Debtor its determination that the costs or other consequences (including adverse tax consequences) of providing a security interest is excessive in view of the benefits to be provided to the Lender.

6.6 As additional security for the prompt payment in full of all DIP Loan Obligations, the Debtor shall execute pledge agreements on equity interests (including interests acquired in the Lab Purchase Transaction) and mortgages and deeds of trust on all Real Estate and/or Real Estate Leases, all in form and substance satisfactory to the Lender, and such equity interests and Real Estate and/or Real Estate Leases shall constitute Collateral for all purposes of this Agreement and the DIP Loan Documents. The Debtor hereby confirms that it shall deliver, or cause to be delivered, any pledged equity interests issued subsequent to the Closing Date to the Lender and prior to such delivery, shall hold any such equity interests in trust for the Lender.

6.7 The Debtor agrees to safeguard, protect and hold all Inventory for the Lender's account and make no disposition thereof except in the ordinary course of business of the Debtor. Upon the request of the Lender at any time, the Debtor hereby agrees to immediately forward any and all proceeds of Collateral sold outside of the ordinary course of business to the Lender, and to hold any such proceeds in trust for the Lender pending delivery to the Lender.

6.8 The Debtor agrees at its own cost and expense to keep the Equipment in as good condition as the same is now or at the time the Lien and security interest granted herein shall attach thereto, reasonable wear and tear excepted, making any and all repairs and replacements when and where necessary in its reasonable discretion. Absent the prior written consent of the Lender, the Debtor shall not make any sale, exchange or other disposition of any Equipment, other than through a Sale Transaction.

6.9 The rights and security interests granted to the Lender hereunder are to continue in full force and effect, notwithstanding the termination of this Agreement, until the final payment in full to the Lender of all DIP Loan Obligations (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement). Any delay, or omission by the Lender to exercise any right hereunder shall not be deemed a waiver thereof, or be deemed a waiver of any other right, unless such waiver shall be in writing and signed by the Lender. A waiver on any occasion shall not be construed as a bar to, or waiver of, any right or remedy on any future occasion.

6.10 Notwithstanding any other provision of this Agreement or any other DIP Loan Document, and notwithstanding the Lender's security interest in the Collateral and the extent to which the DIP Loan Obligations are now or hereafter secured by any assets or property other than the Collateral or by any security interest, guarantee, endorsement, assets or property of any other Person or in favor of the Lender, the Lender shall have the sole right in its sole discretion to determine which rights, Liens, security interests or remedies the Lender shall at any time pursue, foreclose upon, relinquish, subordinate, modify or take any other action with respect to all or any of the Collateral, without in any way modifying or affecting any of them or any of the Lender's rights as against the Debtor.

6.11. Except for the Carve-Out, upon the entry of a Financing Order, no costs or expenses of administration shall be imposed against the Lender or any of the Collateral under Sections 105 or 506(c) of the Bankruptcy Code, or otherwise, and the Debtor hereby waives for itself and on behalf of its estate in bankruptcy, any and all rights under Sections 105 or 506(c) of the Bankruptcy Code, or otherwise, to assert or impose to assert or impose, any such costs or expenses of administration against the Lender.

6.12 Except for the Carve-Out, upon the entry of a Financing Order, the Superpriority Claims shall at all times be senior to the rights of the Debtor, any chapter 9 trustee (including, without limitation, post-petition counterparties and other post-petition creditors) in the Chapter 9 Case or any subsequent proceedings under the Bankruptcy Code.

6.13 [Intentionally Omitted].

6.14 The Debtor owns or validly licenses all Intellectual Property and rights thereto necessary to conduct its business as conducted as of the Closing Date and the Debtor shall maintain its rights in, and the value of, the foregoing in the ordinary course of its business, including, without limitation, by making timely payment with respect to any applicable licensed rights. The Debtor shall deliver to the Lender, and/or shall cause the appropriate party to deliver to the Lender, from time to time such security agreements with respect to Intellectual Property of the Debtor registered at the United States Patent and Trademark Office ("**USPTO**") and/or the United States Copyright Office ("**USCO**"), as applicable, as the Lender shall require to obtain valid first priority Liens thereon (subject to Permitted Encumbrances until, and only until, a Financing Order is entered granting Lender a first priority security interest). In furtherance of the foregoing, the Debtor shall provide timely notice to the Lender of any additional Patents and/or Trademarks registered with the USPTO, and any additional Copyrights registered with the USCO, in each case, acquired or applied for subsequent to the Closing Date and the Debtor shall execute such documentation as the Lender may reasonably require to obtain and perfect its Lien thereon. Debtor hereby irrevocably grants to the Lender, to the extent assignable, subject, in the case of Trademarks, to sufficient rights to quality control and inspection in favor of the Debtor to avoid the risk of invalidation of said Trademarks, a royalty-free, non-exclusive license in the Intellectual Property to use, assign, license or sublicense any of the Intellectual Property for the sole purpose, upon the occurrence and continuance of an Event of Default, of enabling Lender to exercise its rights and remedies under Section 10 hereof, irrespective of the Lender's Lien and perfection in such Intellectual Property.

SECTION 7. Representations, Warranties and Covenants

7.1 The Debtor warrants and represents that: (i) Schedule 1 hereto correctly and completely sets forth the Debtor's (A) chief executive office, (B) Collateral locations, (C) tradenames, and (D) exact legal name and jurisdiction of formation; (ii) after filing of a financing statement in the applicable filing clerk's office at the location set forth in Schedule 1, this Agreement creates a valid, perfected and first priority security interest (subject to Prepetition Liens until, and only until, a Financing Order is entered granting Lender a first priority security interest) in the Collateral that can be perfected by the filing of a financing statement and the security interests granted herein constitute and shall at all times constitute the first and only Liens on such Collateral; (iii) upon the execution of any deposit account control agreement by all required parties, such deposit account control agreement shall create a valid, perfected and first priority security interest (subject to Prepetition Liens until, and only until, a Financing Order is entered granting Lender a first priority security interest) in the Collateral constituting deposit account(s) covered thereunder and the security interests granted herein and therein constitute and shall at all times constitute the first and only Liens on such deposit account(s), (iv) after filing of mortgages or deeds of trust in the applicable filing clerks' offices at the locations set forth in Schedule 1, each mortgage or deed of trust executed in favor of the

Lender creates shall create a valid, perfected and first priority security interest in and lien on (subject to Prepetition Liens until, and only until, a Financing Order is entered granting Lender a first priority security interest) the Real Estate and/or Real Estate Lease covered thereunder and the security interests and liens granted thereunder constitute and shall at all times constitute the first and only Liens on such Real Estate and/or Real Estate Leases, (v) except for the Permitted Encumbrances, the Debtor is, or will be, at the time additional Collateral is acquired by it, the absolute owner of the Collateral with full right to pledge, sell, consign, transfer and create a security interest therein, free and clear of any and all claims or Liens in favor of others; (vi) the Debtor will, at its expense, forever warrant and, at the Lender's request, defend the Collateral from any and all claims and demands of any other Person other than a holder of a Permitted Encumbrance; (vii) the Debtor will not grant, create or permit to exist, any Lien upon, or security interest in, the Collateral, or any proceeds thereof, in favor of any other Person other than the holders of the Permitted Encumbrances; and (viii) the Equipment is and will only be used by the Debtor in its business and will not be held for sale or lease, or removed from its premises, or otherwise disposed of by the Debtor except as otherwise permitted in this Agreement.

7.2 The Debtor agrees to maintain books and records pertaining to the Collateral in accordance with appropriate accounting principles and in such additional detail, form and scope as the Lender shall reasonably require. The Debtor agrees that the Lender or its agents may enter upon the Debtor's premises at any time during normal business hours, and from time to time in its reasonable business judgment, for the purpose of inspecting the Collateral and any and all records pertaining thereto, so long as such inspections do not unreasonably interfere with the Debtor's ability to conduct its business. The Debtor is also to advise the Lender promptly, in sufficient detail, of any material adverse change relating to the type, quantity or quality of the Collateral or on the security interests granted to the Lender therein.

7.3 The Debtor agrees to execute and deliver to the Lender, from time to time, solely for the Lender's convenience in maintaining a record of the Collateral, such written statements, and schedules as the Lender may reasonably require, designating, identifying or describing the Collateral. Any failure, however, to promptly give the Lender such statements, or schedules shall not affect, diminish, modify or otherwise limit the Lender's security interests in the Collateral.

7.4 The Debtor agrees to take such additional actions as the Lender may reasonably request to comply with the requirements of all state and federal laws in order to grant to the Lender valid and perfected first security interests in and liens on the Collateral subject only to the Permitted Encumbrances. The Lender is hereby authorized by the Debtor to file (including pursuant to the applicable terms of the UCC) from time to time any financing statements, continuation statements or amendments covering the Collateral (including, without limitation, financing statements describing the Collateral as "all assets" or "all personal property") and such mortgages, deeds of trust or documents relating thereto with respect to the Real Estate and/or Real Estate Leases. The Debtor hereby consents to and ratifies any and all execution and/or filing of financing statements on or prior to the Closing Date by the Lender. The Debtor agrees to do whatever the Lender may reasonably request, from time to time, by way of: (a) filing notices of Liens, financing statements, amendments, renewals and continuations thereof; (b) cooperating with the Lender's agents and employees; (c) keeping Collateral records; (d)

transferring proceeds of the Collateral to the Lender's possession in accordance with Section 6.7; and (e) performing such further acts as the Lender may reasonably require in order to effect the purposes of this Agreement and the mortgages with respect to the Real Estate and/or Real Estate Leases, including but not limited to obtaining control agreements with respect to deposit accounts (subject to Section 3.4) and/or Investment Property.

7.5 (a) The Debtor agrees to maintain insurance on its Real Estate, Real Estate Leases, Equipment, Inventory and other Collateral, together with comprehensive general liability insurance, director and officer insurance and other insurance, in each case on a "all-risk" basis under such policies of insurance, with such insurance companies, in such reasonable amounts and covering such insurable risks as are at all times reasonably satisfactory to the Lender. Upon the request of the Lender, and in any event, no later than 30 days following the Closing Date (or such later date as the Lender may agree in its sole discretion), all policies covering the Real Estate, Equipment and Inventory are to be made payable to the Lender , in case of loss, under a standard non-contributory "mortgagee", "Lender", or "secured party" clause. Upon the request of the Lender, and in any event, no later than 30 days following the Closing Date (or such later date as the Lender may agree in its sole discretion), all original policies or true copies thereof are to be delivered to the Lender, with the loss payable endorsement in the Lender's favor. Debtor will provide, or shall cause to be provided to, Lender immediate written notice of the exercise by any insurer of any right of cancellation under such policies. At the Debtor's request, or if the Debtor fails to maintain such insurance, the Lender may arrange for such insurance, but at the Debtor's expense and without any responsibility on the Lender's part for: (i) obtaining the insurance; (ii) the solvency of the insurance companies; (iii) the adequacy of the coverage; or (iv) the collection of claims. The full amount of any premiums paid by the Lender shall be payable by the Debtor on demand. Upon the occurrence of an Event of Default which is not waived in writing by the Lender, the Lender shall have the sole right and at its option, in the name of the Lender or the Debtor to file claims under any insurance policies, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

(b) In the event of any loss or damage by fire or other casualty, Insurance Proceeds shall be delivered to Lender and applied to reduce the DIP Loan in accordance with the provisions of Paragraph 10.4 of Section 10 of this Agreement unless otherwise agreed to by the Lender.

7.6 The Debtor has filed all federal, state and local tax or information returns and other reports each is required by law to file and has paid all Taxes that are due and payable, except for those claims of the State of California in the amount of $171,313.83. From and after the Petition Date, the Debtor agrees to pay, when due, all Taxes, unless such Taxes are being diligently contested in good faith by the Debtor by appropriate proceedings and adequate reserves are established in accordance with appropriate accounting principles.

7.7 The Debtor: (a) represents that it is in compliance with, and agrees to comply with, all acts, rules, regulations and orders of any legislative, administrative or judicial body or official, which the failure to comply with would have a material and adverse impact on the Collateral, or any material part thereof, or on the business or operations of the Debtor, provided

that the Debtor may contest any acts, rules, regulations, orders and directions of such bodies or officials in any reasonable manner which will not, in the Lender's reasonable opinion, materially and adversely affect the Lender's rights or priority in the Collateral; and (b) represents that it is in compliance with, and agrees to comply with, all environmental statutes, acts, rules, regulations or orders as presently existing or as adopted or amended in the future, applicable to the Collateral, the ownership and/or use of its Real Property and operation of its business, which the failure to comply with would have a material and adverse impact on the Collateral, or any material part thereof, or on the operation of the business of the Debtor.

7.8 If requested by Lender, until termination of this Agreement and payment and satisfaction of all DIP Loan Obligations (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement), the Debtor will furnish to the Lender such financial reports and information in such detail as shall be reasonably satisfactory to the Lender.

7.9 Until termination of this Agreement and payment and satisfaction of all DIP Loan Obligations (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement), the Debtor agrees that, without the prior written consent of the Lender, the Debtor will not:

(a) Mortgage, assign, pledge, transfer or otherwise permit any Lien, charge, security interest, encumbrance or judgment, (whether as a result of a purchase money or title retention transaction, or other security interest, or otherwise) to exist on any of the Debtor's Collateral or any other assets, whether now owned or hereafter acquired, except for the Permitted Encumbrances;

(b) Incur or create any Indebtedness other than the Permitted Indebtedness;

(c) Incur any expenditure or withdraw any funds from any bank account other than in accordance with the DIP Budget;

(d) Sell, lease, assign, transfer or otherwise dispose of (i) Collateral or (ii) any of the Debtor's assets which do not constitute Collateral, in each case, other than (x) Inventory used in the treatment of patients or other provisions of services to patients and other de minus asset dispositions in the ordinary course of business and (y) in the Debtor's exercise its Put Option (as defined in the Lab Purchase Agreement);

(e) Merge, consolidate, amalgamate or otherwise alter or modify its organizational name, principal places of business, structure, or existence, reincorporate or re-organize, or enter into or engage in any operation or activity materially different from that being conducted by the Debtor on the Closing Date;

(f) Assume, guarantee, endorse, or otherwise become liable upon the obligations of any Person (other than in furtherance of or in connection with, the Lab Purchase Transaction);

(g) Make any advance or loan to, or any investment in, any Person (other than in furtherance of, or in connection with, the Lab Purchase Transaction) or purchase or acquire all or substantially all of the stock or other equity interests in or assets of any Person (other than in furtherance of, or in connection with, the Lab Purchase Transaction);

(h) Form or acquire any subsidiary other than in connection with the Lab Purchase Transactions, provided that (i) the Debtor shall cause any subsidiary formed or acquired in the Lab Purchase Transactions to execute a joinder agreement to this Agreement in form and substance satisfactory to the Lender pursuant to which such subsidiary agrees to be bound by the terms of this Agreement and the other DIP Loan Documents and the Debtor shall execute such other documents and take such other actions as are deemed necessary or desirable by Lender to create and perfect Lender's Lien in the Collateral of such subsidiary, and (ii) the Debtor shall take all actions deemed necessary or desirable by Lender to cause the stock of or other equity interests in such subsidiary formed or acquired in the Lab Purchase Transaction to be pledged to Lender as Collateral for the DIP Loan Obligations in accordance with Section 6.6; or

(i) Pay any principal on any Indebtedness other than in accordance with the DIP Budget.

7.10 The Debtor shall promptly provide to the Lender such due diligence information regarding the Debtor (including, without limitation, access to the Debtor's offices, personnel and files during regular business hours, so long as such access does not unreasonably interfere with the Debtor's ability to conduct its regular operations) as the Lender shall request.

7.11 The Debtor agrees to advise the Lender in writing of any notices received from any local, state or federal authority advising of any environmental liability (real or potential) stemming from the Debtor's operations, its premises, its waste disposal practices, or waste disposal sites used by the Debtor and to provide the Lender with copies of all such notices if so required.

7.12 The Debtor hereby agrees to indemnify and hold harmless the Lender, and the officers, directors, members, managers, employees, attorneys and agents of the Lender (each an "Indemnified Party") from, and holds each of them harmless against, (a) any and all losses, liabilities, obligations, claims, actions, damages, costs and expenses (including reasonable attorney's fees) insofar as such losses, liabilities, obligations, claims, actions, damages, costs, fees or expenses are with respect to the DIP Loan and DIP Loan Documents, except and to the extent that the same results solely and directly from the gross negligence or willful misconduct of such Indemnified Party as finally determined by a court of competent jurisdiction. The Debtor hereby agrees that this indemnity shall survive termination of this Agreement, as well as payments of the DIP Loan Obligations.

7.13 [Intentionally Omitted].

7.14 [Intentionally Omitted].

7.15 [Intentionally Omitted].

7.16 The Debtor hereby represents and warrants to the Lender that:

(a) The Debtor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the

aggregate, could not reasonably be expected to result in a material adverse effect in the financial condition, business, profitability assets or operations of the Debtor taken as a whole, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

(b) The transactions contemplated by this Agreement and the other DIP Loan Documents are within the Debtor's organizational powers and have been duly authorized by all necessary organizational actions. The DIP Loan Documents have been duly executed and delivered by the Debtor and constitute a legal, valid and binding obligation of the Debtor, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(c) The transactions contemplated by this Agreement and the other DIP Loan Documents (i) do not require any consent or approval of, registration or filing with, or any other action by, any governmental authority, except such as have been obtained or made and are in full force and effect (including, without limitation, any Financing Orders) and except for filings necessary to perfect Liens created pursuant to this Agreement and the other DIP Loan Documents, (ii) will not violate any applicable requirement of law or any governmental authority applicable to the Debtor, (iii) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Debtor or its assets, or give rise to a right thereunder to require any payment to be made by the Debtor, and (iv) will not result in the creation or imposition of any Lien on any asset of the Debtor, except Liens created pursuant to the DIP Loan Documents and Permitted Encumbrances.

(d) There are no actions, suits or proceedings by or before any arbitrator or governmental authority pending against or, to the knowledge of the Debtor, threatened against or affecting the Debtor except (x) the Chapter 9 Case and (y) as set forth on Schedule 2 hereto. There is no reasonable likelihood of an adverse determination with respect to any such action, suit or proceeding that could reasonably be expected, individually or in the aggregate, to result in a material adverse effect in the financial condition, business, prospects, profitability assets or operations of the Debtor taken as a whole, and no such action, suit or proceeding involves this Agreement or the transactions contemplated hereby, or any of the other DIP Loan Documents.

(e) As of the Closing Date, Debtor has no subsidiaries and does not own equity interests of any other Person.

SECTION 8. Interest, Fees and Expenses

8.1 DIP Loans shall bear interest at a fixed rate per annum of five percent (5%). The rate hereunder for DIP Loans shall be calculated based on a 365-day year. Upon the occurrence and during the continuance of an Event of Default and the giving of any required notice by the Lender in accordance with the provisions of Section 10, Paragraph 10.2 hereof, all DIP Loan Obligations shall bear interest at the Default Rate of Interest.

8.2 The Debtor shall reimburse or pay the Lender for all Out-of-Pocket Expenses, provided however, that neither Lender nor its advisors shall be required to file fee applications or otherwise seek Bankruptcy Court approval for the payment of such Out-of-Pocket Expenses.

8.3 Notwithstanding any provision herein or in any other DIP Loan Document to the contrary, interest on the DIP Loans and all Out-of-Pocket Expenses shall be payable in kind by capitalizing the outstanding principal amount of the DIP Loans. All interest accrued and capitalized on the outstanding principal amount of the DIP Loans shall be cancelled and deemed paid, and, for the avoidance of doubt, shall no longer constitute part of the DIP Loan Obligations if and to the extent Lender cancels such DIP Loan Obligations as a component of the purchase price payable to complete the Sale Transaction in accordance with the Asset Purchase Agreement.

SECTION 9. Releases

9.1 [Intentionally Omitted]

9.2 This Agreement and the other DIP Loan Documents shall terminate immediately and without need for further action upon the payment in full in cash or other immediately available funds of all DIP Loan Obligations (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement).

9.3 Upon the termination of this Agreement in accordance with Section 9.2, the Lender hereby covenants and agrees to execute and deliver in favor of the Debtor a valid and binding termination and release agreement, evidencing the payment in full of all DIP Loan Obligations (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement) and the termination of this Agreement and the other DIP Loan Documents, in form and substance reasonably satisfactory to Lender, including, for the avoidance of doubt, a release of the Lender of its obligations hereunder and under the other DIP Loan Documents in form and substance reasonably satisfactory to the Lender, together with all documents, instruments or filings as the Debtor may request to evidence the release and termination of the Lender's Lien on the Collateral.

9.4 The Debtor understands, acknowledges and agrees that the releases set forth above in Section 9.3 hereof may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such releases.

SECTION 10. Events of Default and Remedies

10.1 Notwithstanding anything hereinabove to the contrary, each of the following shall constitute an "Event of Default":

(a) [Intentionally Omitted];

(b) [Intentionally Omitted];

(c) [Intentionally Omitted];

(d) breach by the Debtor of any warranty, representation or covenant contained herein (other than those referred to in sub-paragraph (e) below), provided that such default by the Debtor of any of the warranties, representations or covenants referred in this clause (d) shall not be deemed to be an Event of Default unless and until such Default shall remain unremedied to the Lender's satisfaction for a period of thirty (30) days from the date of such breach;

(e) breach by the Debtor of any warranties, representations or covenants made in any of the other DIP Loan Documents or any of the definitive agreements executed in connection with the Lab Purchase Transactions, the Lab Management Agreement and the transactions associated therewith, or the Sale Transaction.

(f) failure of the Debtor to pay any of the DIP Loan Obligations on the Maturity Date or any other date of termination of this Agreement within thirty (30) Business Days of the due date thereof;

(g) the Debtor shall (i) engage in any "prohibited transaction" as defined in ERISA, (ii) have any "accumulated funding deficiency" as defined in ERISA, (iii) terminate any "plan", as defined in ERISA or (iv) be engaged in any proceeding in which the Pension Benefit Guaranty Corporation shall seek appointment, or is appointed, as trustee or administrator of any "plan", as defined in ERISA, and with respect to this sub-paragraph (g) such event or condition (x) remains uncured for a period of thirty (30) days from date of occurrence and (y) could, in the reasonable opinion of the Agent, subject the Debtor to any tax, penalty or other liability that is material to the business, operations or financial condition of the Debtor;

(h) [Intentionally Omitted];

(i) the occurrence after the Closing Date of any default or event of default (after giving effect to any applicable grace or cure periods) by the Debtor under any instrument or agreement evidencing any other Indebtedness of the Debtor having a principal amount in excess of $25,000;

(j) the failure of the Debtor to meet the following milestones ("Milestones") for the Chapter 9 Case (unless otherwise consented to or waived by Lender):

(i) The Debtor shall have filed a motion seeking approval of the DIP Loans on or before ten (10) days following the Closing Date, and a Financing Order shall be entered by the Bankruptcy Court in the Chapter 9 Case no later thirty (30) days thereafter.

(ii) The Debtor shall have filed a motion seeking approval of the Asset Purchase Agreement and the Sale Transaction) on or before March 31, 2018;

(iii) The Bankruptcy Court shall enter an order in form and substance acceptable to Lender approving the sale of substantially all the assets of the Debtor to Lender ("Sale Order") on or before April 30, 2018, and such Sale Order shall not be stayed;

(iv) The Debtor shall submit to the County the election ballot for the approval of the Sale Transaction on or before March 9, 2018;

(v) The approval of the Sale Transaction in a duly held election by the County shall occur on or before June 5, 2018; or

(vi) Any sale of substantially all the assets of the Debtor shall close and be effective no later than June 30, 2018;

(k) Any government or governmental or regulatory body thereof or any court or arbitrator effects an administrative freeze, setoff, or recoupment against any Medicare provider payments or CMS accounts receivable due to Debtor, and such freeze, setoff, or recoupment is not reversed or otherwise rescinded or stayed by the Bankruptcy Court within ten (10) Business Days;

(l) the occurrence of any condition or event which permits Lender to exercise any of the remedies set forth in any Financing Order including, without limitation, any "Event of Default" (as defined in the Financing Order);

(m) the Debtor suspends or discontinues or is enjoined by any court or governmental agency from continuing to conduct all or any material part of its business;

(n) The failure by the Debtor to obtain a waiver by the County of the reversionary rights affecting Debtor's title in the Real Estate in form satisfactory to Lender in its sole discretion;

(o) dismissal of the Chapter 9 Case either voluntarily or involuntarily;

(p) the grant of a Lien on or other interest in any property of the Debtor (other than a Permitted Encumbrance or by any Financing Order) or an administrative expense claim (other than such administrative expense claim permitted by any Financing Order or this Agreement), including by the grant of or allowance by the Bankruptcy Court of a Lien or other interest which is superior to or ranks in parity with Lender's and security interest in or Lien upon the Collateral or its Superpriority Claim (as defined in the Financing Order, if any);

(q) any Financing Order, if obtained, shall be modified, reversed, revoked, remanded, stayed, rescinded, vacated or amended on appeal or by the Bankruptcy Court without the prior express written consent of Lender; or

(r) the filing or confirmation of a plan of adjustment by or on behalf of Debtor, to which Lender has not consented in writing or which does not provide for the payment in full of all DIP Loan Obligations if such DIP Loan Obligations remain outstanding (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement).

10.2 Subject to any Financing Orders, upon the occurrence and during the continuance of an Event of Default which has not been waived by the Lender, in its discretion the Lender may declare to Debtors by written notice that the Lender shall make no further DIP Loans unless such Default or Event of Default is cured to the satisfaction of the Lender. Upon the occurrence of an Event of Default, the Lender may (a) declare that all DIP Loan Obligations are immediately due

and payable; and (b) immediately terminate this Agreement upon notice to the Debtor. Upon the occurrence and during the continuance of an Event of Default, the Lender may charge the Debtor the Default Rate of Interest on all then outstanding or thereafter incurred DIP Loan Obligations, in lieu of the interest provided for in Section 8 of this Agreement, provided that the Lender has given the Debtor written notice of the Event of Default. The exercise of any option is not exclusive of any other option, which may be exercised at any time by the Lender in its discretion and is in addition to any other rights granted to the Lender under any other agreement.

10.3 Except to the extent otherwise provided in any Financing Order, immediately upon the occurrence and during the continuance of any Event of Default, notwithstanding any other provision of this Agreement, any DIP Loan Document or any document, agreement or instrument, the Lender may, to the extent permitted by law: (a) remove from any premises where same may be located any and all books and records, computers, electronic media and software programs associated with any Collateral or Real Estate (including any electronic records, contracts and signatures pertaining thereto), documents, instruments, files and records, and any receptacles or cabinets containing same, relating to the Accounts, or the Lender may use, at the Debtor's expense, such of the Debtor's personnel, supplies or space at the Debtor's places of business or otherwise, as may be necessary to properly administer and control the Accounts or the handling of collections and realizations thereon; (b) bring suit, in the name of the Debtor or the Lender, and generally shall have all other rights respecting said Accounts, including without limitation the right to: accelerate or extend the time of payment, settle, compromise, release in whole or in part any amounts owing on any Accounts and issue credits in the name of the Debtor or the Lender; (c) sell, assign and deliver the Collateral or any Real Estate and any returned, reclaimed or repossessed Inventory, with or without advertisement, at public or private sale, for cash, on credit or otherwise, and the Lender may bid or become a purchaser at any such sale, free from any right of redemption, which right is hereby expressly waived by the Debtor; (d) foreclose the security interests in the Collateral or the Real Estate created herein by any available judicial procedure, or to take possession of any or all of the Collateral or the Real Estate, including any equity interests, Inventory, Equipment and/or Other Collateral without judicial process, and to enter any premises where any Inventory and Equipment and/or Other Collateral may be located for the purpose of taking possession of or removing the same; and (e) exercise any other rights and remedies provided in law, in equity, by contract or otherwise. Upon the occurrence and during the continuance of an Event of Default, the Lender, in its discretion, shall have the right, without notice or advertisement, to sell, lease, or otherwise dispose of all or any part of the Collateral, the Real Estate or any other property securing the DIP Loan Obligations, whether in its then condition or after further preparation or processing, in the name of the Debtor or the Lender, or in the name of such other party as the Lender may designate, either at public or private sale or at any broker's board, in lots or in bulk, for cash or for credit, with or without warranties or representations (including but not limited to warranties of title, possession, quiet enjoyment and the like), and upon such other terms and conditions as the Lender may deem advisable, and the Lender, in its discretion, shall have the right to purchase at any such sale. If any Inventory and Equipment shall require rebuilding, repairing, maintenance or preparation, the Lender, in its discretion, shall have the right, at its option, to do such of the aforesaid as is necessary, for the purpose of putting the Inventory and Equipment in such saleable form as the Lender shall deem appropriate and any such costs shall be deemed a DIP Loan Obligation hereunder. Any action taken by the Lender pursuant to this paragraph shall not affect commercial reasonableness of the sale. The Debtor agrees, at the request of the Lender, to

assemble the Inventory and Equipment and to make it available to the Lender at premises of the Debtor or elsewhere and to make available to the Lender the premises and facilities of the Debtor for the purpose of the Lender's taking possession of, removing or putting the Inventory and Equipment in saleable form. If notice of intended disposition of any Collateral is required by law, it is agreed that ten (10) days' notice shall constitute reasonable notification and full compliance with the law. The net cash proceeds resulting from the Lender's exercise of any of the foregoing rights, (after deducting all charges, costs and expenses, including reasonable attorneys' fees) shall be applied by the Lender to the payment of the DIP Loan Obligations, whether due or to become due, in such order as is set forth in Section 10.4 and the Debtor shall remain liable to the Lender for any deficiencies, and the Lender in turn agrees to remit to the Debtor or its successors or assigns, any surplus resulting therefrom. The enumeration of the foregoing rights is not intended to be exhaustive and the exercise of any right shall not preclude the exercise of any other rights, all of which shall be cumulative. The Debtor hereby indemnifies the Lender and holds the Lender harmless from any and all costs, expenses, claims, liabilities, Out-of-Pocket Expenses or otherwise, incurred or imposed on the Lender by reason of the exercise of any of its rights, remedies and interests hereunder, including, without limitation, from any sale or transfer of Collateral or Real Estate, preserving, maintaining or securing the Collateral or Real Estate, defending its interests in Collateral and Real Estate (including pursuant to any claims brought by the Debtor, any secured or unsecured creditors of the Debtor, any trustee or receiver in bankruptcy, or otherwise), and the Debtor hereby agrees to pay any such amount to Lender upon demand (and hereby authorizes the Lender to add such amount to the DIP Loan Obligations) and to so indemnify and hold the Lender harmless, absent the gross negligence or willful misconduct of the Lender as finally determined by a non-appealable judgment of a court of competent jurisdiction. The foregoing indemnification shall survive termination of this Agreement until such time as all DIP Loan Obligations (including the foregoing costs, expenses, claims, liabilities, and Out-of-Pocket Expenses) have been finally and indefeasibly paid in full. In furtherance thereof the Lender may establish such reserves for DIP Loan Obligations (including any contingent DIP Loan Obligations) as it may deem advisable in its reasonable business judgment. Any applicable mortgage(s), deed(s) of trust or assignment(s) issued to the Lender on the Real Estate or the Real Estate Leases shall govern the rights and remedies of the Lender thereto.

10.4 After the occurrence of an Event of Default (or after the DIP Loan Obligations have automatically become immediately due and payable), any amounts received on account of the DIP Loan Obligations shall be applied by Lender in the following order:

First, to payment of that portion of the DIP Loan Obligations constituting fees, indemnification claims, expenses and other amounts including fees (other than the Election Termination Fee, if applicable), charges and disbursements of counsel, to Lender;

Second, to payment of that portion of the DIP Loan Obligations constituting accrued and unpaid interest on the DIP Loans and, if applicable, the Election Termination Fee, arising under the DIP Loan Documents, to Lender;

Third, to payment of that portion of the DIP Loan Obligations constituting unpaid principal of the DIP Loans and, if applicable, the Election Termination Fee, to Lender; and

Last, the balance, if any, after all of the DIP Loan Obligations (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement) have been indefeasibly paid in full, to Debtor's bankruptcy estate or as otherwise required by law;

provided, however, that notwithstanding anything in the foregoing to the contrary, if (x) the Lender shall exercise its rights under any equity pledge delivered by the Debtor in favor of the Lender on, or otherwise exercise its rights and remedies under any security interest in or lien on, the Debtor's equity interest in Serodynamics, LLC (as acquired pursuant to the Lab Purchase Transaction) or (y) the Debtor shall exercise its Put Option (as defined in the Lab Purchase Agreement) so that the Lender acquires such equity interest from the Debtor, then such action, in each case, shall be deemed to be a payment in full of the then outstanding balance of the $2,500,000 DIP Loan used to finance the Lab Purchase Transaction in accordance with the terms of this Agreement.

10.5 Subject to the provisions of any Financing Orders, during the period that any DIP Loan Obligations remain outstanding, the automatic stay imposed under Section 362(a) of the Bankruptcy Code by the filing of the Chapter 9 Case shall not apply to the Lender, or any actions that may be taken by Lender, to enforce the rights and remedies granted the Lender by the DIP Loan, the DIP Loan Documents or any Financing Orders.

SECTION 11. Termination

11.1 Notwithstanding any other provision herein to the contrary, the Lender may terminate this Agreement (i) immediately upon the occurrence of an Event of Default, and (ii) on the Maturity Date.

11.2 In the event Lender terminates this Agreement upon the occurrence of an Event of Default under Section 10.1(j)(v), and notwithstanding any other provision herein to the contrary, the Debtor will pay the Lender the Election Termination Fee, and the Election Termination Fee shall be deemed to constitute part of the DIP Loan Obligations for all purposes hereunder.

11.3 [Intentionally Omitted].

11.4 All DIP Loan Obligations shall become immediately due and payable as of any termination of this Agreement, whether under this Section 11 or under Section 10 hereof. Notwithstanding any other provision of this Agreement, all of the Lender's rights, Liens and security interests shall continue for the benefit of the Lender after any termination until all DIP Loan Obligations (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement) have been paid and satisfied in full.

SECTION 12. Miscellaneous

12.1 The Debtor hereby waives diligence, notice of intent to accelerate, notice of acceleration, demand, presentment and protest and any notices thereof as well as notice of nonpayment. No delay or omission of the Lender to exercise any right or remedy hereunder, whether before or after the happening of any Event of Default, shall impair any such right or shall operate as a waiver thereof or as a waiver of any such Event of Default. No single or partial

exercise by the Lender of any right or remedy precludes any other or further exercise thereof, or precludes any other right or remedy.

12.2 This Agreement and the other DIP Loan Documents constitute the entire agreement between the Debtor and the Lender with respect to the matters contained herein and therein; supersede any prior agreements; can be waived or changed only by a writing signed by each party hereto or thereto, and shall bind and benefit each party hereto or thereto and their respective successors and assigns, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

12.3 In no event shall the Debtor, upon demand by the Lender for payment of any DIP Loan Obligations, by acceleration of the maturity thereof or otherwise, be obligated to pay interest and fees in excess of the amount permitted by law. Regardless of any provision herein or in any agreement made in connection herewith, the Lender shall never be entitled to receive, charge or apply, as interest on any DIP Loan Obligations, any amount in excess of the maximum amount of interest permissible under applicable law. If the Lender ever receives, collects or applies any such excess, it shall be deemed a partial repayment of principal and treated as such; and if principal is paid in full, any remaining excess shall be refunded to the Debtor. This paragraph shall control every other provision hereof and each other DIP Loan Document.

12.4 If any provision hereof or of any other agreement made in connection herewith is held to be illegal or unenforceable, such provision shall be fully severable, and the remaining provisions of the applicable agreement shall remain in full force and effect and shall not be affected by such provision's severance. Furthermore, in lieu of any such provision, there shall be added automatically as a part of the applicable agreement a legal and enforceable provision as similar in terms to the severed provision as may be possible.

12.5 EACH OF THE DEBTOR AND THE LENDER EACH HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF THE DIP LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREUNDER. THE DEBTOR HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO SERVICE OF PROCESS BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED. IN NO EVENT WILL THE AGENT BE LIABLE FOR LOST PROFITS OR OTHER SPECIAL OR CONSEQUENTIAL DAMAGES. EACH OF THE DEBTOR AND THE LENDER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF CALIFORNIA AND THE CALIFORNIA STATE COURTS TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES PERTAINING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT OR THE DIP LOAN DOCUMENTS OR TO ANY MATTER ARISING THEREFROM. THE DEBTOR HERETO EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED IN SUCH COURT,

12.6 Except as otherwise herein provided, any notice or other communication required hereunder shall be in writing (provided that, any electronic communications from the Debtor with respect to any request, transmission, document, electronic signature, electronic mail or

facsimile transmission shall be deemed binding on the Debtor for purposes of this Agreement, provided further that any such transmission shall not relieve the Debtor from any other obligation hereunder to communicate further in writing), and shall be *deemed* to have been validly served, given or delivered when (i) hand delivered, (i) in the case of any electronic communications, the day sent, (iii) one (1) Business Day after deposit with a nationally recognized overnight delivery service, or (iv) three Business Days after deposit in the United States mails, with proper first class postage prepaid, return receipt requested, and addressed to the party to be notified or to such other address as any party hereto may designate for itself by like notice, as follows:

(A) if to the Lender, at:

Cadira Group Holdings, LLC
4789 Tejon Street, Suite 100
Denver, Colorado 80211
Attn: Mr. Beau Gertz
beau@perseverancemed.com

With copies to:

Paul Epner, Esq.
17705 Jessie James Lane
Ramona, California 92065
paul@cadiramd.com

And

Edward T. Laborde, Jr., Esq.
Dentons US LLP
1221 McKinney, Suite 1900
Houston, Texas 77010
edward.laborde@dentons.com

(B) if to the Debtor, to

Surprise Valley Healthcare District
741 North Main Street
Cedarville, CA 96104
Attn: Jennifer Hanor
Jhanor@svhospital.org

With a copy to:

Catherine M. Castaldi
Brown Ruddick LLP
2211 Michelson Drive, Seventh Floor

Irvine, CA 92612
ccastaldi@brownrudnick.com

12.7 THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND THE OTHER DIP LOAN DOCUMENTS SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA, EXCEPT TO THE EXTENT THAT ANY OTHER DIP LOAN DOCUMENT INCLUDES AN EXPRESS ELECTION TO BE GOVERNED BY THE LAWS OF ANOTHER JURISDICTION, AND EXCEPT TO THE EXTENT THAT THE PROVISIONS OF THE BANKRUPTCY CODE ARE APPLICABLE AND SPECIFICALLY CONFLICT WITH THE FOREGOING.

12.8 In the event of any inconsistency between the terms of any Financing Orders, on the one hand, and this Agreement and the other DIP Loan Documents, on the other hand, the terms of the Financing Orders shall control.

12.9 The Lender shall have the absolute right to credit bid (pursuant to 363(k) of the Bankruptcy Code or otherwise) a portion of or all of the DIP Loan and DIP Loan Obligations at any proposed sale of substantially all of the assets of the Debtor, in its sole discretion.

12.10 The relationship between Debtor and Lender is solely that of debtor and creditor, and not that of fiduciary or other special relationship with Debtor, and no term or condition of any of the DIP Loan Documents shall be construed so as to deem the relationship between Debtor and Lender to be other than that of debtor and creditor.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be effective, executed, accepted and delivered as of the date first set forth above by their proper and duly authorized officers as of the date set forth above.

SURPRISE VALLEY HEALTH CARE DISTRICT

By: _____
Name: Jennifer Hanor
Title: Chief Executive Officer
as Debtor

CADIRA GROUP HOLDINGS, LLC

By: _____
Name: BEAU GERTZ
Title: MANAGER
as Lender

EXHIBIT A

DIP LOAN NOTE

$ 4,000,000.00 Dated: _____, 2018

FOR VALUE RECEIVED, the undersigned (the "Debtor") hereby absolutely and unconditionally promises to pay to the order of Cadira Group Holdings, LLC and its assigns (hereinafter "Payee") at the offices of Cadira Group Holdings, 4789 Tejon Street, Suite 100, Denver, Colorado 80211 in lawful money of the United States of America and in immediately available funds, the principal amount of Four Million Dollars ($4,000,000.00), or if different from such amount, the unpaid principal balance of DIP Loans advanced by Payee pursuant to Section 3.1 of the DIP Financing Agreement (as herein defined) as may be due and owing from time to time under the DIP Financing Agreement. A final balloon payment in an amount equal to the entire outstanding aggregate balance of principal and interest remaining unpaid, if any, under this Note as shown on the books and records of the Lender, including any outstanding Out-of-Pocket Expenses, including, but not limited to, reasonable attorneys' fees and expenses, shall be due and payable on the earlier of (i) the Maturity Date or (ii) termination of the Agreement, as set forth in Section 11 thereof.

The Debtor further absolutely and unconditionally promise to pay to the order of the Payee and its assigns at said office, interest on the unpaid principal amount owing hereunder in accordance with and at the rates specified in Section 8 of the DIP Financing Agreement.

If any payment on this Note becomes due and payable on a day other **than a Business Day,** the maturity thereof shall be extended to the next succeeding Business Day, and with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. All payments hereunder shall be made without setoff, counterclaim or deduction of any kind.

This Note is the Promissory Note referred to in the Superpriority Senior Secured Credit Agreement, dated as of February 26, 2018, as the same may be amended, restated, supplemented or otherwise modified and in effect from time to time, among the Debtor, as borrower, and the Payee (the "DIP Financing Agreement"), and is subject to, and entitled to, all of the terms, provisions and benefits thereof and is subject to optional and mandatory prepayment, in whole or in part, as provided therein. All capitalized terms used herein shall have the meaning provided therefor in the DIP Financing Agreement, unless otherwise defined herein.

The date and amount of the DIP Loans made hereunder may be recorded on the grid page or pages which are attached hereto and hereby made part of this Note or the separate ledgers maintained by the Lender. The aggregate unpaid principal amount of all advances made pursuant hereto may be set forth in the balance column on such grid page or such ledgers maintained by

the Lender. All such advances, whether or not so recorded, shall be due as part of this Note. The Debtor confirms that any amount received by or paid to the Lender in connection with the DIP Financing Agreement and/or any balances standing to its credit on any of its account on the Lender's books under the DIP Financing Agreement may in accordance with the terms of the DIP Financing Agreement be applied in reduction of this Note, but no balance or amounts shall be deemed to effect payment in whole or in part of this Note unless the Lender shall have actually charged such account or accounts for the purposes of such reduction or payment of this Note.

Upon the occurrence of any one or more of the Events of Default specified in the DIP Financing Agreement or upon termination of the DIP Financing Agreement, all amounts then remaining unpaid on this Note may become, or be declared to be, immediately due and payable as provided in the DIP Financing Agreement.

DEBTOR:

Surprise Valley Health Care District

By: _____

Its: _____

SCHEDULE TO GRID [Complete Information for Advances prior to execution]

DATE	AMOUNT	BALANCE

Exhibit B

Form of Borrowing Notice

_____, 2018

Cadira Group Holdings, LLC

Attn.: _____

Ladies and Gentlemen:

The undersigned authorized representative of the Surprise Valley Health Care District (the "Debtor"), refers to the Superpriority Senior Secured Credit Agreement dated as of February 26, 2018 (as amended, supplemented or otherwise modified from time to time, the "DIP Financing Agreement"; capitalized terms used and not otherwise defined herein shall have the meanings given such terms in the DIP Financing Agreement) among Cadira Group Holdings, LLC as lender and secured party and the Debtor, as borrower,, and, on behalf of the Debtor, hereby gives you irrevocable notice, pursuant to Section 3.1 of the DIP Financing Agreement, that the Debtor hereby requests a DIP Loan as set forth below.

1. Requested DIP Loan.

(a) The undersigned authorized representative of the Debtor requests that the requested DIP Loan be in the aggregate amount of $_____.

(b) The undersigned authorized representative of the Debtor requests that the requested DIP Loan be made on the following Business Day: _____, 2018, which day is at least two (2) Business Days following the date of this notice.

2. Certifications. The undersigned authorized representative of the Debtor hereby certifies to the Lender that the following statements will be true and correct on the date that the requested DIP Loan is made:

(a) All DIP Loans previously requested by the Debtor have been applied in accordance with the DIP Budget and uses for such DIP Loans previously presented to the Lenders.

(b) The DIP Loans requested in this Borrowing Notice shall be used in accordance with the DIP Budget and uses set forth on the attached Schedule 3.

(c) The representations and warranties contained in the DIP Financing Agreement and the other DIP Loan Documents are true and correct in all material respects, other than representations and warranties that expressly relate solely to an earlier date (in which case they were true and correct on and as of such earlier date).

(d) No Default or Event of Default has occurred and is continuing or would result from the requested DIP Loan.

The undersigned understands that the Lender is relying on the foregoing certification in making the requested DIP Loan to the Debtor and to induce the Lender to make the requested DIP Loan.

By: _____
Name:
Title:

Schedule 1 – Collateral Information

Legal Name	Jurisdiction	Chief Executive Office	Collateral Location(s)	Tradenames	Location for filings (UCC)	Location for Filings (Mortgage/Deed of Trust)
Surprise Valley Health Care District	State of California	741 North Main Street, Cedarville California 96104	661 North Main Street, Cedarville California 96104	Surprise Valley Community Hospital	California Secretary of State	Modoc County Recorder Modoc County, California
			691 North Main Street, Cedarville California 96104	Surprise Valley Clinic		
			745 North Main Street, Cedarville California 96104			

Schedule 2 - Litigation

CASE NAME	PLAINTIFF(S)	CASE INFORMATION
Balboa Capital Corp. v. Surprise Valley Health Care District	Balboa Capital Corp.	Superior Court of California, Orange County Case No. 30-2017-00945725-CL-CO-CJC
Medical Solutions, LLC v. Surprise Valley Health Care District	Medical Solutions, LLC	Delaware Court of Chancery, Case No. K17C-12-021
Nurses and Professions Healthcare v. Surprise Valley Health Care District, et al.	Nurses and Professions Healthcare	Superior Court of California, Modoc County Case No. CU-17-076
Prime Time Health Care	Prime Time Health Care	Superior Court of California, Modoc County Case No. CU-17-090
Triage, LLC v. Surprise Valley Health Care District	Triage, LLC	District Court of Nebraska, Case No. CI 17-8971
ERX, LLC v. Surprise Valley Health Care District	ERX	Chancery Court for Knox County, Tennessee No. 194022-2
Medliant v. Surprise Valley Health Care District	Medliant	Superior Court of California, San Francisco County Case No. CPF-17-515708

Schedule 3 – DIP Budget & DIP Loans

See attached.

	Week 1 12-Feb	Week 2 19-Feb	Week 3 26-Feb	Week 4 5-Mar	Week 5 12-Mar	Week 6 19-Mar	Week 7 26-Mar	Week 8 2-Apr	Week 9 9-Apr	Week 10 16-Apr	Week 11 23-Apr	Week 12 30-Apr	Week 13 7-May	Week 14 14-May	Week 15 21-May	Week 16 28-May	Week 17 4-Jun	Week 18 11-Jun	Week 19 18-Jun	Week 20 25-Jun	
Payables																					
Accounts Payable	51,835.30	6,600.00	35,555.45	2,600.00	12,151.30	2,100.00	8,920.45	33,535.00	9,640.30	2,300.00	6,600.00	34,855.45	2,400.00	9,340.30	6,600.00	3,420.45	33,535.00	9,640.30	6,600.00	3,420.45	281,649.75
Utilities	9,100.00				12,600.00				12,600.00				12,600.00				12,600.00				59,500.00
Misc. Maintenance	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	10,000.00
Necessary Repairs /Differed Maintenance	1,500.00	21,000.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	31,500.00
State Fines																					-
Required License/ PM Services								600.00													600.00
Revenue Building Stategies	40,000.00		24,000.00																		64,000.00
Insurance	6,080.47				6,080.47				6,080.47				6,080.47					6,080.47			30,402.35
Rent/Mortgage Payment	799.35					799.35			799.35					799.35					799.35		3,996.75
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
																					-
Payroll																					-
Net	85,000.00		85,000.00			85,000.00		85,000.00		85,000.00		85,000.00		85,000.00		85,000.00			85,000.00		765,000.00
State Taxes	5,000.00		5,000.00			5,000.00		5,000.00		5,000.00		5,000.00		5,000.00		5,000.00			5,000.00		45,000.00
Federal Taxes	26,000.00		26,000.00			26,000.00		26,000.00		26,000.00		26,000.00		26,000.00		26,000.00			26,000.00		234,000.00
Contractors	70,000.00		70,000.00			70,000.00		70,000.00		70,000.00		70,000.00		70,000.00		70,000.00			70,000.00		630,000.00
																					-
Benefits																					-
Health Insurance	25,000.00			25,000.00					25,000.00				25,000.00					25,000.00			125,000.00
Workmans Comp	7,049.00			7,049.00					7,049.00				7,049.00					7,049.00			35,245.00
Valic/AFLAC/Garnishments	2,450.00		2,450.00			2,450.00		2,450.00		2,450.00		2,450.00		2,450.00		2,450.00			2,450.00		22,050.00
																					-
Legal Fees/Specialty Contractors																					-
Bankruptcy Attorney/General Consel	30,000.00	30,000.00	30,000.00	30,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	360,000.00
Financial Advisor	25,000.00		5,000.00					5,000.00				5,000.00				5,000.00				5,000.00	50,000.00
Wipfli	8,000.00		8,000.00				8,000.00				8,000.00										32,000.00
																					-
Total Weekly Expenses	393,314.12	58,100.00	292,005.45	65,649.00	46,831.77	207,349.35	32,920.45	243,585.00	77,169.12	206,750.00	30,600.00	244,305.45	69,129.47	214,589.65	22,600.00	212,870.45	62,135.00	63,769.77	211,849.35	24,420.45	2,779,943.85
																					-
Operating Cash Flow (Anticipated Net)																					-
MediCare $63,500 (M) 50% Deduction CMS Late Cost Rpt		15,000.00			15,000.00		15,000.00		15,000.00	15,000.00		15,000.00		15,000.00			15,000.00		15,000.00		135,000.00
Partnership $116,000.00 (M)		58,000.00		58,000.00		58,000.00		58,000.00		58,000.00		58,000.00		58,000.00		58,000.00			58,000.00		522,000.00
Private Insurance/Private Pay/ MediCal $100,000.00		50,000.00			50,000.00		50,000.00		50,000.00		50,000.00		50,000.00		50,000.00			50,000.00		50,000.00	450,000.00
IGT								177,000.00													177,000.00
Tax Assesment																55,000.00					55,000.00
MediCare Cost Report Settlement FY 2016-2017						514,982.00															514,982.00
Total Shortage	(393,314.12)	64,900.00	(292,005.45)	(7,649.00)	18,168.23	365,632.65	32,079.55	(8,585.00)	(12,169.12)	(133,750.00)	19,400.00	(171,305.45)	(19,129.47)	(141,589.65)	27,400.00	(99,870.45)	(47,135.00)	(13,769.77)	(138,849.35)	25,579.55	(925,961.85)

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Week 20	Week 21	Week 22	Week 23	Week 24	
	12-Feb	19-Feb	26-Feb	5-Mar	12-Mar	19-Mar	26-Mar	2-Apr	9-Apr	16-Apr	23-Apr	30-Apr	7-May	14-May	21-May	28-May	4-Jun	11-Jun	18-Jun	25-Jun	2-Jul	9-Jul	16-Jul	23-Jul	
Alsco		4,500.00					4,500.00				4,500.00				4,500.00				4,500.00					4,500.00	27,000.00
American Solutions for Business	200.00									200.00															400.00
Corner Store	700.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	3,000.00
CPSI - Billing	220.00		110.00					110.00				110.00					110.00				110.00				770.00
Connecting to Care	3,000.00		1,500.00					1,500.00				1,500.00					1,500.00				1,500.00				10,500.00
CTN	375.00		375.00					375.00				375.00					375.00				375.00				2,250.00
Fisher	7,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	53,000.00
Horiba					2,811.00																				2,811.00
Immucore			500.00					500.00				500.00					500.00				500.00				2,500.00
Juniper Paper			1,500.00					1,500.00				1,500.00					1,500.00				1,500.00				7,500.00
K and K			2,000.00					2,000.00				2,000.00					2,000.00				2,000.00				10,000.00
Labcore			200.00					200.00				200.00					200.00				200.00				1,000.00
McKesson	1,500.00		1,500.00					1,500.00				1,500.00					1,500.00				1,500.00				9,000.00
Medline	1,000.00		2,000.00					2,000.00				2,000.00					2,000.00				2,000.00				11,000.00
Mercedes	2,000.00		1,000.00					1,000.00				1,000.00					1,000.00				1,000.00				7,000.00
MIT							1,000.00																		1,000.00
Modoc Co Sheriff	500.00		500.00					500.00				500.00					500.00				500.00				3,000.00
Modoc Steel & Supply	700.00		350.00					350.00				350.00					350.00				350.00				2,450.00
Ortho	900.00		3,000.00					3,000.00				3,000.00					3,000.00				3,000.00				15,900.00
Owens	7,000.00		5,000.00					5,000.00				5,000.00					5,000.00				5,000.00				32,000.00
Pages Market	3,000.00		500.00					500.00				500.00					500.00				500.00				5,500.00
Pepsi	500.00		200.00					200.00				200.00					200.00				200.00				1,500.00
Public Safety	2,000.00		1,000.00					1,000.00				1,000.00					1,000.00				1,000.00				7,000.00
Relay Health	700.00		700.00					700.00				700.00					700.00				700.00				4,200.00
SteriCycle	100.00		1,000.00					100.00				100.00					100.00				100.00				1,500.00
US Foods	9,000.00		5,000.00					5,000.00				5,000.00					5,000.00				5,000.00				34,000.00
Wells Fargo	700.00		700.00					700.00				700.00					700.00				700.00				4,200.00
Misc AP/Petty Cash	3,500.00		3,500.00					3,500.00				3,500.00					3,500.00				3,500.00				21,000.00
Auto Debit AP																									-
HIS Maintenance	7,240.30				7,240.30				7,240.30					7,240.30				7,240.30				7,240.30			43,441.80
DELL Lease			1,320.45				1,320.45					1,320.45				1,320.45				1,320.45				1,320.45	7,922.70
Merchant Bank Discount (CC)				200.00				200.00				200.00					200.00				200.00				1,000.00
Fuel Cards				300.00					300.00				300.00					300.00				300.00			1,500.00
Totals	51,835.30	6,600.00	35,555.45	2,600.00	12,151.30	2,100.00	8,920.45	33,535.00	9,640.30	2,300.00	6,600.00	34,855.45	2,400.00	9,340.30	6,600.00	3,420.45	33,535.00	9,640.30	6,600.00	3,420.45	33,535.00	9,640.30	2,100.00	7,920.45	281,649.75

		Week 1	Week 2	
		1-Jan	8-Jan	
Payables				
Accounts Payable		10,000.00		linens, food, medicine, medical supplies
Utilities		3,000.00		trash, water, geothermal
Misc. Maintenance		500.00	500.00	there is always a little something to fix that requires supplies
Insurance		6,080.47		liability
Rent/Mortgage Payment		799.35		
	Total	**20,379.82**	**500.00**	
Automatic Bank Deductions				
DELL FINANCIAL CNTRCT PMT		1,320.45		lease payment for computers
MERCHANT BNKCD DISCOUNT		120.60		credit card machine fee
ED STAUB - PROPANE		3,500.00		propane
ED STAUB - FUEL CARDS			173.90	fuel for transport van/ambulances
COMPUTER PROGRAM CASH C&D			7,240.30	maintenance on our HIS/centrix system
IRS USATAXPYMT			10,000.00	back payroll tax collection (this can be postponed)
	Total	**4,941.05**	**17,414.20**	
Payroll - Apx				
Net		85,000.00		
State Taxes		10,000.00		
Federal Taxes		26,000.00		
Contractors		70,000.00		
Missed Travelers Payments		18,897.37		for November services billed in December (contracted staff) we need to remain in good standing with this company
	Total	**209,897.37**	-	almost all others have lawsuits against us. We cannot exist withour a few travelers. Nonpayment=pulled staff=no hospital
Benefits				
Health Insurance		24,741.97		
Workmans Comp		7,049.00		
Valic/AFLAC/Garnishments		2,450.00		
	Total	**34,240.97**	-	
	Total Anticipated Expences	**269,459.21**	**17,914.20**	
Bank Balance				
General Operating Account Bank Balance		**27,383.40**		
Expected Revenue				
MediCal		5,896.21		
Partnership Health		44,704.66	36,576.54	
Share of Cost - Anticipated		10,000.00	9,763.60	
SHIP		7,254.62		
	Total Revenue	**67,855.49**	**46,340.14**	
	Shortage	**174,220.32**	**(28,425.94)**	
	DIP Loan Advance	**145,794.38**		could be $135,000 without back tax payment ($10,000)

Schedule 4 – Indebtedness

None.

EXHIBIT "C"

Limited Liability Company Purchase Agreement

THIS AGREEMENT is effective as of February 26, 2018 (the "Effective Date") by and between, Cadira Group Holdings, LLC, a Delaware limited liability company ("Seller"), which is the owner of SeroDynamics, LLC, Colorado limited liability company (the "Company"), and Surprise Valley Healthcare District, a California hospital district ("Purchaser").

WITNESSETH:

WHEREAS, the Seller is the record and beneficial owner of all the membership interests (the "Membership Interests") in the Company and

WHEREAS, the Purchaser is a debtor-in-possession under Title 11 of the United States Code, 11 U.S.C. § 101 *et seq.* (the "Bankruptcy Code"), and has commenced a bankruptcy case by filing voluntary petitions for relief under Chapter 9 of the Bankruptcy Code (the "Bankruptcy Case") (such filing date, the "Petition Date"), in the United States Bankruptcy Court for the Eastern District of California (Case No. 18-20070) (the "Bankruptcy Court");

WHEREAS, Purchaser desires to purchase Membership Interests and the Seller desires to sell all such Membership Interests in the Company, upon the terms and subject to the conditions hereinafter set forth;

WHEREAS, the parties are in the process of completing a series of related transactions in the Bankruptcy Case and contemplate the execution of (i) the Superpriority Senior Secured Credit Agreement (the "DIP Credit Agreement") and executed between Purchaser, as Debtor, and Seller, as Lender, (ii) the Lab Management Agreement (the "MSA"), pursuant to which Seller will perform certain management services to the Purchaser and (ii) an Asset Purchase Agreement (the "APA"), pursuant to which the Seller will acquire all or substantially all of the assets and operations of the Purchaser;

NOW, THEREFORE, in consideration of the mutual covenants and Agreements contained in this Agreement, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and in order to consummate the purchase and the sale of the Company's Membership Interests aforementioned, it is hereby agreed as follows:

1. **Purchase and Sale**

The Seller hereby sells, conveys, transfers, and delivers to the Purchaser all Membership Interests in Seller, and the Purchaser hereby purchases from the Seller the Membership Interests in consideration of the purchase price set forth in this Agreement. The parties acknowledge that there were and are no Membership Interest certificates issued to Seller or to any member of Seller.

2. Amount and Payment of Purchase Price

(a) Consideration
As total consideration for the purchase and sale of the Membership Interests, pursuant to this Agreement, the Purchaser shall pay to the Seller the sum of $2,500,000, such total consideration to be referred to in this Agreement as the "Purchase Price".

(b) Payment
The Purchase Price shall be paid in cash as a lump sum payment financed by the Seller pursuant to the DIP Credit Agreement.

(c) Security
In accordance with the DIP Credit Agreement, Purchaser is executing a Pledge Agreement as security for the prompt and complete payment when due of the unpaid principal of and interest due under the DIP Credit Agreement and full payment and performance of the obligations and liabilities of Purchaser thereunder.

3. Representations and Warranties of Seller

Seller hereby warrants and represents:

(a) Organization and Standing
The Seller is the sole member and record and beneficial owner of the Membership Interests, that the Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Colorado and has the power and authority to carry on its business as it is now being conducted.

(b) Restrictions on Membership Interests

i. The Seller is not a party to any Agreement, written or oral, creating rights in respect to the Membership Interests in any third person other than Seller or relating to the voting of the Membership Interests other than the Operating Agreement of Seller attached hereto and made a part hereof.

ii. Seller is the lawful owner of the Membership Interests, free and clear of all security interests, liens, encumbrances, equities and other charges.

iii. There are no existing warrants, options, Membership Interest purchase or transfer agreements, redemption agreements, restrictions of any nature, calls or rights to subscribe of any character relating to the Membership Interests, nor are there any securities convertible into such Membership Interests.

(c) Company Matters

i. The Seller has caused the Company to furnish to the Purchaser the Company's balance sheet as of September 30, 2017, and the related statements of operations for the fiscal year then ended (collectively, the "Financial Statements"). The

Financial Statements present fairly the financial position and results of operations of the Company as of the indicated dates and for the indicated periods. To the best of Seller's knowledge, the Company does not have any liabilities or obligations of a type that should be included in or reflected in the Financial Statements, whether related to tax or non-tax matters, accrued or contingent, due or not yet due, liquidated or unliquidated, or otherwise.

ii. The assets of the Company reflected in the Financial Statements are sufficient for the Company to conduct its business.

4. Representations and Warranties of Seller and Purchaser

Seller and Purchaser hereby represent and warrant that there has been no act or omission by Seller and Purchaser which would give rise to any valid claim against any of the parties hereto for a brokerage commission, finder's fee, or other like payment in connection with the transactions contemplated hereby. The Purchaser has been afforded and has conducted due diligence on the books and records of the Company and has been provided with the financial accounts payable and documentation evidencing the liabilities of the Company and agrees, therefore, that except as expressly provided herein, the purchase contemplated hereby of the Membership Interests is on a non-recourse "as is" basis.

5. Indemnification.

(a) Purchaser Losses. Seller agrees to indemnify and hold harmless Purchaser and any of its officers, directors, employees, representatives, agents and attorneys from, against and in respect of any and all Purchaser Losses (as defined below) to the extent directly or indirectly arising out of or relating to the Company's assets, liabilities or operations prior to the Effective Date. "Purchaser Losses" shall mean all damages (including, without limitation, amounts paid in settlement with Seller's consent, which consent may not be unreasonably withheld), losses, obligations, liabilities (including tax liabilities), claims, deficiencies, costs and expenses (including, without limitation, reasonable attorneys' fees), penalties, fines, interest and monetary sanctions, including, without limitation, reasonable attorneys' fees and costs incurred to comply with injunctions and other court and agency orders, and other costs and expenses incident to any suit, action, investigation, claim or proceeding or to establish or enforce the rights of Purchaser or such other persons to indemnification hereunder. For the avoidance of doubt, Seller agrees to indemnify and hold harmless Purchaser and any of its officers, directors, employees, representatives, agents and attorneys from, against and in respect of all sales and transfer taxes incurred in connection with the transactions contemplated by this Agreement.

(b) Third Party Claims. If any person or entity that is not a party to this Agreement shall assert a claim (each, a "Third Party Claim") against Purchaser, then Purchaser shall notify the Seller in writing of the Third Party Claim within a reasonable time after receipt by Purchaser of written notice of such Third Party Claim. Thereafter, the Purchaser shall deliver to the Seller, within a reasonable time after Purchaser's receipt thereof, copies of all notices and documents (including court papers) received by the Purchaser relating to

such Third Party Claim. Seller shall, at its own expense, promptly defend, contest or otherwise protect against any Third-Party Claim against which it has agreed to indemnify Purchaser hereunder, and Seller shall receive from the Purchaser all necessary and reasonable cooperation in said defense, including but not limited to the services of employees of the Purchaser who are familiar with the transactions out of which any such Third-Party Claim may have arisen. The Seller shall have the right to control the defense of any such Third-Party Claim and shall have the right, at its option, and to compromise or defend, at its own expense by its own counsel, any such Third-Party Claim. In the event that the Seller shall undertake to compromise or defend any such Third-Party Claim, it shall promptly notify the Purchaser of its intention to do so. In the event that a the Seller, after written notice from Purchaser, fails to take timely action to defend a Third-Party Claim, the Purchaser shall have the right to defend the same by counsel of its own choosing, but at the cost and expense of the Seller. In the event that the Purchaser defends a Third-Party Claim because of the failure by the Seller to defend such claim, it shall not compromise any such Third-Party Claim without the written consent of the Seller, such consent not to be unreasonably withheld or delayed.

6. **Put Option**. In the event (A) Seller provides written notice to Purchaser that an event of default under Section 10.1(j)(i) of the DIP Credit Agreement has occurred (the "Default Notice") or (B) (i) the parties fail to close the transactions contemplated by the APA due the failure of the voters of the County of Modoc to approve such transactions as provided therein and (ii) as of the election date (x) the Denver Collections (as defined in the MSA) are less than the Denver Expenses (as defined in the MSA) and (y) there exists an Adverse Circumstance (defined below), Purchaser shall have the right, exercisable at its sole discretion, to require the Seller to purchase from Purchaser all of its rights, title and interest in and to the Membership Interests (the "Put Option") by sending Seller written notice of its election to exercise the Put Option. Purchaser shall give such notice not later than 30 days following the delivery of the Default Notice or, if applicable, the election date in the County of Modoc giving rise to the Put Option hereunder. The price to be paid by the Seller to acquire the Membership Interests shall be equal to the then outstanding balance of the amount of the Purchase Price financed by the Purchaser to acquire the Membership Interest under the DIP Credit Agreement (the "Put Price"). Contemporaneously with the payment of the Put Price, Seller will assume of all of the Company's liabilities and obligations then outstanding. The parties each hereby acknowledge and agree that the Put Price constitutes a reasonable expectation of the fair market value of the Membership Interests on the date, if any, that the Put Option is exercised, and that no other valuation considerations or methodologies shall be applicable in connection with determining the purchase price to be paid by Seller to acquire Membership Interests. Seller shall pay the Put Price by crediting the Put Price against the outstanding balance under the DIP Credit Agreement and Purchaser shall cause to be delivered to the Seller such documentation as may reasonably be required to evidence the purchase of the Membership Interests by Seller and the Seller's agreement to assume the Company's obligations. As used herein the term "Adverse Circumstance" means any event or occurrence (or series of related events or occurrences) prior to the exercise of the Put Option which, in the reasonable and good faith judgment of Purchaser, makes continued ownership of the Company impossible, impracticable and contrary to the

Purchaser's legitimate business interests taking into account all relevant facts and circumstances at the time any Put Option hereunder is exercised.

7. General Provisions

(a) Entire Agreement
This Agreement (including any written amendments hereof executed by the parties) constitutes the entire Agreement and supersedes all prior agreements and understandings, oral and written, between the parties hereto with respect to the subject matter hereof.

(b) Sections and Other Headings
The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(c) Governing Law
This Agreement, and all transactions contemplated hereby, shall be governed by, construed and enforced in accordance with the laws of the State of California. In the event that litigation results from or arises out of this Agreement or the performance thereof, each party agrees to be responsible for their own attorney's fees, court costs, and all other expenses, whether or not taxable by the court as costs.

(d) Allocation of Purchase Price
Prior to the Effective Date Purchaser and Seller shall mutually agree to allocate the Purchase Price among the assets of the Company in accordance with applicable rules and regulations. All tax returns and reports filed by Purchaser and Seller shall be consistent with such allocation, as shall be final and binding upon them pursuant to this Section 7(d).

[Remainder of page intentionally left blank — signatures follow]

IN WITNESS WHEREOF, this Agreement has been executed by each of the individual parties hereto as of the date first set forth above.

SELLER:

CADIRA GROUP HOLDINGS, LLC

By: _____
Name: Beau Gertz, Manager

BUYER:

SURPRISE VALLEY HEALTH CARE DISTRICT

By: _____
Name: Jennifer Hanor, Chief Executive Officer

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EXHIBIT "D"

LAB MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (the "Agreement") is effective this 26th day of February, 2018 by and between Surprise Valley Health Care District, a California health care district ("Owner"), and Cadira Group Holdings, LLC, a Delaware limited liability company ("Manager").

RECITALS

WHEREAS, Owner owns and operates a general acute care hospital known as "Surprise Valley Hospital located in Cedarville, California (the "Hospital"),

WHEREAS, the Hospital provides certain clinical laboratory services for patients (the "Denver Lab Services") through its clinical laboratory located in Denver, Colorado (the "Denver Lab"); and

WHEREAS, Owner desires to employ Manager under the terms of this Agreement to provide its skills, capital and operational expertise to develop and manage the Denver Lab Services within its laboratory Department (the "Department"), and Manager desires to perform such management services for Owner.

NOW, THEREFORE, in consideration of the premises, and the mutual promises and covenants of the parties hereunder, the parties hereto hereby agree as follows:

1. Services and Duties.

(a) Engagement of Manager. Owner hereby retains Manager, on an exclusive basis, to manage the Denver Lab Services within the Department subject to all the provisions hereof.

(b) Independent Contractor Relationship. The Parties hereto acknowledge that at all times during the Term of this Agreement, as defined below, Manager shall be an independent contractor and that Owner shall not assume any liability for the withholding or payment of any federal, state or local taxes to Manager for Manager's services provided hereunder.

(c) Control Retained by Owner. Owner shall at all times be responsible for making Major Decisions, as defined in Section 1(d), and the Manager shall perform and be responsible for (financially and otherwise) the day-to-day operations of the Denver Lab and the Owner's provision of the Denver Lab Services. By entering into this Agreement, Owner does not delegate to Manager any of the powers, duties and responsibilities required to be retained by Owner under law (including all certificates and licenses issued under authority of law for operation of the Department by Owner), if any. Owner will work with Manager to implement existing policies and may adopt as the Department's policies recommendations or proposals made by Manager. Owner shall be owner and holder of all licenses, accreditation certificates and contracts that Owner

obtains and shall be the healthcare provider within the meaning of all third party contracts for medical and laboratory services.

(d) Major Decisions. Notwithstanding anything to the contrary within this Agreement, Manager shall not perform any of the following activities ("Major Decisions") without the prior written authorization of the Owner which shall not be unreasonably withheld or delayed:

(i) Any material change in the business of Owner, or in the scope of services offered at the Department, including the material modification of any material license, permit or contract of Owner (expressly including this Agreement);

(ii) Engaging in any transaction that could affect Owner's entity status for Federal taxation purposes;

(iii) The establishment of, or change in, credentialing policies and protocols, except that no such approval shall be required if a change is dictated by applicable laws or national standards;

(iv) The entering of any contract on behalf of Owner outside of the ordinary course of Owner's business;

(v) The entering of any contract on behalf of Owner without the prior approval of the Chairman of the Governing Body of the Owner;

(vi) The establishment of, or change in, the Department's quality assurance plan, except that no such approval shall be required if a change is dictated by applicable laws or national standards; or

(vii) The implementation of any policy or the taking of any action that could involve the federal or state fraud or abuse laws, or similar laws, rules or regulations (collectively, the "Laws"), relating to, without limitation, (A) the use of discount policies, claims, reassignment issues, (B) patient referrals, (C) adding or terminating physicians who will render services at the Department, (D) terminating and/or changing a billing organization, and (E) effecting changes in the compensation or benefits (if any) payable to any person in a manner which may implicate the Laws, or the (F) sharing of the profits of Owner with any person other than its members.

Manager shall be responsible for informing Owner, in a timely manner, of any matters requiring a Major Decision related to the Denver Lab Services and/or the Department.

Notwithstanding the provisions of this Section 1(d), Manager shall be entitled, at its discretion, to decline to take any action relating to the operation of the Denver Lab Services without first receiving the express written approval of such action by Owner provided, however, securing such approval shall not release or discharge Manager for any

damages or liability resulting from its negligence, omissions, or intentional acts in the performance of such acts or actions.

(e) Medical and Professional Matters. Manager shall consult with Owner concerning medical and professional matters, as appropriate and in accordance with applicable law. In the event of a medical or non-medical emergency relating to the health or safety of a patient or worker, Manager may take such actions, as it believes to be necessary on behalf of Owner.

(f) Authority and Responsibility of Manager. Subject to the provisions of Section 1(d), Manager shall have authority and responsibility to provide development and management services for the Denver Lab Services within the Department and conduct, supervise and direct the day-to-day operations of the Denver Lab. Manager is hereby authorized to implement or cause to be implemented all Major Decisions approved by Owner and to conduct or cause to be conducted the business and affairs of the Department in accordance with and as limited by this Agreement. In the absence of direction or written policies of Owner, Manager shall exercise reasonable judgment in its management duties delegated to it herein. Manager shall specifically have responsibility and commensurate authority to develop and manage the Denver Lab Services and implement the written policies of Owner as hereinafter provided, for the following activities.

(i) Budgets. During the first 30 days of the term of this Agreement, Manager shall prepare, in consultation with the Owner, a budget setting forth the estimated monthly volumes, receipts and expenditures (capital, operating and other, including Denver Expenses) of the Denver Lab and the Denver Lab Services within the Department for the immediate 6 month period and each 6 month period thereafter (each 6 month budget, a "Budget"). Manager shall in good faith use its reasonable business efforts to implement the Budget and shall consult with Owner concerning any changes to the Budget. Owner shall have the right to approve each Budget if the Sale Transaction does not close or the Put Option is not exercised.

(ii) Personnel Administration. Manager shall itself, hire, manage and administer all personnel of the Denver Lab (such personnel being collectively referred to herein as the "Denver Staff") which duties shall include, without limitation, all of the following with respect to the Denver Staff: (A) hiring, (B) discharge, (C) establishment of conditions of employment, (D) training, (E) supervision, (F) management, (G) control of all labor relations, (H) determining wages, benefits and terms and conditions of employment for employees, and (I) determining job descriptions and number of employees needed for staffing and the nature and extent of job classifications. To the extent any of the Denver Staff are employees of Owner, Manager shall be solely responsible for paying or reimbursing Owner for all gross payroll costs of the Denver Staff and the costs of benefits and liability and other applicable insurance coverage and all taxes for all Denver Staff in addition to any other fees payable under this Agreement.

Manager will notify Owner in a timely manner of all decisions relating to the hiring, discharge, etc. for all Denver Staff personnel.

(iii) Contracts, Leases and Purchases. Manager shall, with the approval of Owner, and on behalf of Owner, be responsible for performing all of the following:

(A) the purchasing or leasing, at Manager's expense, of equipment, operating supplies, instruments and other materials and supplies which may be needed for the maintenance and operation of the Denver Lab. In this capacity, Manager shall: (a) research all equipment requirements to determine equipment suitability; (b) negotiate the price of each piece of equipment; (c) process all paperwork relating to such purchases; (d) insure that all required equipment certification is in effect and up to date; and (e) monitor and track all warranties, guaranties and service contracts to insure that all purchased equipment is maintained in compliance with all manufacturer requirements at an economical overall cost.

(B) the negotiation and procurement, at Manager's expense, of all third-party contracts for utilities, services and concessions as may be necessary for the maintenance and operation of the Denver Lab including, but not limited to, contracts for hazardous waste disposal, transcription services, and equipment maintenance.

(iv) Replacement of Equipment. As designated by Owner, and within the general guidelines of the Budget, Manager shall arrange for the making or installing, at Manager's expense but in the name of Owner, at reasonably competitive costs, such alterations, repairs, decorations and/or replacements of any non-leased equipment deemed reasonably necessary by Manager. Manager shall not undertake significant remodeling without consultation and approval of Owner.

(v) Marketing. Manager shall supervise the design and implementation of marketing programs, including the preparation of marketing materials such as brochures, media advertising materials, direct mail and press releases, the objective of such programs and. efforts being the creation of community awareness and appreciation for the services provided by the Denver Lab.

(vi) Compliance with Laws and Regulations. Manager shall comply with all applicable laws and ensure that the operations of Denver Lab the Department and all Denver Lab Services comply with all applicable laws. Manager, in cooperation with the Owner, shall not less frequently than annually, at Manager's sole expense, undertake, or cause to be undertaken, an investigation of all operations of the Denver Lab to advise Owner of the need for any changes or modifications required to the Department in order to keep it in substantial compliance in all material aspects with all statutes, ordinances, laws, rules,

regulations, orders and determinations affecting or issued in connection with the Department.

(vii) Policies & Procedures. Manager shall, with the approval of Owner, produce all policies and procedures required to effectively operate the Denver Lab. Manager will produce, at Owner's expense, printed documentation and manuals describing said policies and procedures and containing such other information as is necessary and/or appropriate for the operation of the Denver Lab. Manager will train all Denver Staff in the use of the manuals.

(viii) Fee Schedule. Manager will provide a fee schedule to be used in the day to day billing for the services provided by the Denver Lab. The fee schedule will be developed based on prevailing local rates and other applicable sources, and will be updated by Manager on a regular basis to insure competitive billing for the such services and optimization of the Department's resources and operations.

Manager shall perform its responsibilities and obligations under this Agreement and this Section 1(f) specifically at is sole cost and expense.

(g) Force Majeure. Manager shall not be deemed to be in violation of this Agreement if it is prevented from performing any of its obligations hereunder (excluding any requirement of Manager to perform any financial obligations hereunder) for any reason beyond its control, including, without limitation, strikes or civil disturbance, lack of Owner's financial resources, any actions taken by Owner (or the failure by Owner to act), any statute, regulation or rule of the federal or any state or any local government, or any agency thereof.

(h) Revenues and Payments. All income or other monies received from the operation of the Department (including from the Denver Lab Services), together with all accounts and other receivables and all other assets or property generated, created, or which shall accrue from the operation of the Department, shall belong to Owner and shall be its property absolutely. Payment of all operating costs, wages, salaries and fees incurred or sustained in the operation of the Department (other than in respect of the Denver Lab) is solely the obligation and responsibility of Owner; provided that, Manager shall be obligated and responsible for and shall timely pay and discharge on Owner's behalf, the amount of such costs, wages, salaries and fees, on a month to month basis, that exceed the monthly income and other monies received from the operation of the Department pertaining to the Denver Lab Services.

(i) Manager's Working Space. During the Term of this Agreement, Owner shall provide Manager such a reasonable amount of working space within the Department (including at the Denver Lab) as is required to perform its duties as described within this Agreement.

(j) Management Information Systems. Manager shall advise Owner regarding the development and incorporation of information technology solutions to help

achieve greater operating efficiencies and increased physician and staff satisfaction within the Department not less frequently than annually. Owner agrees, at Manager's expense, to utilize a base set of software products which will include but not be limited to scheduling, materials management, payroll, billing and financial accounting.

(k) Operational Policies. Manager shall advise Owner regarding the implementation of all standard systems, methods, procedures and controls for scheduling, cost accounting, record keeping, financial, security, administration, patient charting documentation, patient billing procedures, insurance reimbursement, housekeeping, maintenance, personnel and safety requirements, and related ethical protocols relating to the Department and provision of the Department's services not less frequently than annually.

2. Owner's Representative. The CEO of the Hospital shall act as Owner's representative ("Representative") and shall have authority to act on Owner's behalf for the alignment of all obligations imposed upon Owner by this Agreement. Any consent, approval, authorization, action or other communication required of Owner by this Agreement may be conveyed or performed by Representative and shall not be unreasonably withheld or delayed. Manager shall direct to Representative all communications intended for Owner's consideration; provided that any requested consent shall be deemed given if not granted or denied within five (5) business days. Any requirement of this Agreement that Manager advise, consult or provide other communication to Owner shall be deemed satisfied if provided or delivered by Manager or Manager's delegate to Representative. A delegate of Manager shall meet regularly but not less frequently than on a semi-annual basis with Representative for the purpose of informing Owner of the Department's operations and requesting any necessary approval of Owner for Manager's activities. In addition, Owner shall have the right to designate a new Representative at any time upon written notification delivered to Manager.

3. Department Phlebotomists. Manager shall recruit (and Owner shall hire) one or more phlebotomists (collectively, the "Phlebotomists") who will perform the phlebotomy services in connection with the Denver Lab Services within the Department subject to the following:

(a) Manager shall be solely responsible for paying or reimbursing Owner for all gross payroll costs of the Phlebotomists and the costs of benefits and liability and other applicable insurance coverage and all taxes for all of the Phlebotomists.

(b) Manager shall negotiate and establish the compensation payable to the Phlebotomists.

(c) Owner will remove and replace any or all of the Phlebotomists upon written request of the Manager.

(d) Manager will work with Owner in the direction and supervision of the Phlebotomists and will otherwise ensure that they comply with applicable law in performing their duties for Owner.

4. Approval Procedure; Reports.

(a) Approval Presumed. Except in cases involving Major Decisions and notwithstanding any provision herein to the contrary, Manager shall be entitled to take any action required hereunder without first obtaining Owner's approval, subject to Owner's right to provide express instructions on any matter involving the Department that must then be followed by Manager. Notwithstanding the foregoing Manager may seek the prior approval of any action to be taken, or the ratification of any action previously taken, hereunder from Owner.

(b) Authorization by Owner. In any situation that requires Owner action or confirmation, Manager shall be entitled to rely upon the written statement of Owner that such action or approval has been taken or given.

5. Accounting, Communications and Reports.

(a) Fiscal Year. The fiscal year of Owner shall be from June through July.

(b) Books and Records. The books of account of Owner pertaining to the Denver Lab may be kept and maintained at the offices of Manager.

(c) Financial Information. Manager shall prepare and furnish to Owner (i) a weekly report of testing volume and expected revenues from the Denver Lab, (ii) a weekly unaudited income statement including a list of testing volume by patient and physician at the Denver Lab, and (iii) for each month, an unaudited income statement and balance sheet, a list of case volume by patient and physician and other information reasonably requested by Owner. After the close of each fiscal year of Owner, Manager shall cause to be prepared a related statement of income or loss and balance sheet for the Department for such fiscal year, and the same information for the fiscal year as is required to be included in the aforementioned quarterly reports. Year-end tax information shall be prepared and submitted by Manager with the cost thereof to be borne by Owner. Notwithstanding anything within this Agreement to the contrary, all financial books and records of Owner shall remain the property of Owner and any disclosure to non-approved parties and/or entities shall be cause for termination as outlined in Section 7(b).

(d) Information for Owner. At the request of Owner, a representative of Manager shall attend the regular meetings of Owner, and prior to each meeting, shall have prepared and made available to Owner the monthly financial information described above, as well as such additional financial or statistical information as shall have been prepared by Manager, or as may be requested by Owner.

6. Fees.

(a) Management Fee. As compensation for the management services to be rendered hereunder, Owner shall pay Manager a monthly management fee as described herein (the "Management Fee"), payable five (5) business days after the end of each month during the term of this Agreement. With respect to such monthly fee, the

management fee shall be equal to eighty percent (80%) of the Net Monthly Profits. For purposes hereof, "Net Monthly Profits" shall mean for any month during the term of this Agreement (A) the gross monthly collections for the Denver Lab Services (the "Denver Collections"), less (B) all cash expenditures (including expenses then due) incurred by Owner or Manager on behalf of Owner incident to the operation and management of the Denver Lab including, without limitation, cost of goods sold, purchased supplies and equipment, and the cost of employees, independent contractors and other overhead charges (including the Denver Staff), whether or not in the ordinary course of business including, without limitation, any Excess Expenses (defined below) incurred in prior months and actually paid and discharged by Manager itself or on behalf of Owner pursuant to this Agreement (collectively, the "Denver Expenses"); *provided*, that notwithstanding anything in this Section to the contrary, Owner will reimburse Manager for any and all of the Denver Expenses (including any Excess Expenses) paid or otherwise incurred by Manager exclusively out of the Denver Collections, if any, dollar for dollar. For the avoidance of doubt, no Management Fee shall accrue or be payable to Manager in any month in which Net Monthly Profits are zero or a negative number, however Manager shall be entitled to reimbursement of Denver Expenses from any Denver Collections during such month. Without limiting any rights of Owner herein, and for the avoidance of doubt, subject to Manager's reimbursement rights as stated herein, Manager shall be responsible for and shall timely pay and discharge on Owner's behalf, on a month to month basis, any monthly Denver Expenses that exceed monthly Denver Collections ("Excess Expenses"). For the avoidance of doubt, Denver Expenses shall include the costs of employees and consultants of Owner or Manager that may be located outside of the Denver Labs whose services Owner or Manager uses to fulfill their respective obligations hereunder. Owner will segregate the Denver Collections from its other cash collections during the term of this Agreement in a manner reasonably acceptable to Manager.

(b) Reimbursement of Costs. Manager will be responsible for its travel and related expenses.

(c) No Charge for Overhead; Time of Payment. Except as otherwise provided herein, the Management Fee shall constitute full and complete compensation for all services rendered by Manager pursuant to this Agreement. Except as otherwise provided herein, no additional charge shall be made by Manager or any affiliate of Manager for the services of its employees, independent contractors or for overhead expenses.

(d) Support for Fee Calculations. The monthly financial reports to be furnished by Manager in accordance with Section 5(c) will contain sufficient detail (in a form reasonably acceptable to Owner) that will enable Owner to verify the amount of the Denver Collections, Denver Expenses, Excess Expenses then paid by Manager, Net Monthly Profits and the Management Fee payable hereunder. Owner shall have the right, from time to time, to be exercised by written notice to Manager during the Term hereof and for one (1) year thereafter, to audit Manager's books and records pertaining to the determination of the Management Fee payable hereunder. Manager agrees to cooperate with Owner in the conduct of any such audit. Manager shall pay promptly to Owner any excess Management Fee received by Manager as evidenced by any Owner audit.

Correspondingly, Owner shall pay promptly to Manager any Management Fees and other amounts due to Manager as evidenced by such audit exclusively out of the Denver Collections.

7. Term of Agreement.

(a) Term. Unless otherwise terminated as provided herein, the term of this Agreement (the "Term") shall commence on the date hereof and shall continue in full force and effect for a period of one (1) year (the "Initial Term"). Upon the expiration of the Initial Term, this Agreement shall automatically renew for successive one (1) year period (each a "Renewal Term"), unless either party provides the other party written notice of intent not to renew the Initial Term or any Renewal Term, which notice shall be delivered no less than ninety (90) and no more than one hundred and eighty (180) days prior to the expiration of the Initial Term or such Renewal Term. For purposes of this Agreement, the Initial Term and any successive Renewal Terms may be referred to herein as the "Term".

(b) Termination for Cause. Either party may terminate this Agreement at any time for "cause," as defined within this Section, immediately upon delivery of written notice to the non-terminating party. Such cause shall also constitute an "Event of Default" as that term is used in Section 8.

(i) Termination by Owner. Owner shall have cause, for termination:

(A) If Manager shall default in the performance of any material covenant, agreement, term or provision of this Agreement and such default shall continue for a period of sixty (60) days after written notice to Manager from Owner stating the specific default (unless Manager diligently pursues correction if such default is of a nature that cannot be reasonably corrected within said sixty (60) day period);

(B) If Manager shall engage in any fraudulent practices, unlawful acts, negligent acts or willful misconduct, after (1) Owner has served written notice on the Manager of the occurrence or previous occurrences of such practices, acts and/or conduct, and (2) Manager (i) has failed to cure or (ii) if a cure is not reasonably possible within the prescribed time period, has failed to cease such offending practice, act or conduct and commence taking actions to cure the matters reflected in such notice, in either case to the reasonable satisfaction of Owner, within 5 days following the delivery of such notice;

(C) If Manager shall apply for, or consent to, the appointment of a receiver, trustee or liquidator of Manager or of all or a substantial part of its assets, file a voluntary petition of bankruptcy or admit in writing its inability to pay its debts as they come due, make a general assignment for the benefit of creditors, file a petition or an answer seeking reorganization or arrangement with creditors or to take advantage of any insolvency law,

or if a creditor of Manager files an involuntary petition under any state or federal reorganization, insolvency, arrangement, bankruptcy or other debtor relief provision, and such petition is not dismissed within ninety (90) days; or

(D) If through no fault of Owner, any license necessary for the operation of the Department and/or the Denver Labs and/or the Denver Lab Services is at any time suspended, terminated, revoked or should prove impracticable to obtain.

(E) If Manager shall fail to make any payments of Excess Expenses or other amounts required hereunder within thirty (30) calendar days of receiving written notice from Owner that such payment is due.

(ii) Termination by Manager. Manager shall have "cause" for termination:

(A) If Owner shall default in the performance of any material covenant, agreement, term or provision and such default shall continue for a period of sixty (60) days after written notice to Owner from Manager stating the specific default (unless Owner diligently pursues correction if such default is of a nature that cannot be reasonably corrected within said sixty (60) day period);

(B) If through no fault of Manager, any license necessary for the operation of the Department is at any time suspended, terminated, revoked or should prove impracticable to obtain; or

(C) If Owner shall fail to make any payments owing to Manager within thirty (30) calendar days of receiving written notice from Manager that such payment is due.

(c) Automatic Termination In Connection with Sale Transaction. Manager anticipates that it will acquire the Hospital pursuant to an Asset Purchase Agreement to be executed contemporaneously with this Agreement (the "Sale Transaction"). Notwithstanding anything in this Agreement to the contrary, this Agreement will automatically terminate effective as of the closing of the Sale Transaction.

(d) Automatic Termination In Connection with Exercise of Put Option. The parties have entered into that certain Limited Liability Company Purchase Agreement (the "Lab Purchase Agreement"), pursuant to which Owner acquired the Denver Lab from one of Manager's affiliated entities. Notwithstanding anything in this Agreement to the contrary, this Agreement will automatically terminate in the event the Denver Lab is sold to Manager (or one of its affiliated entities) following the proper exercise of the "Put Option" as such term is defined in the Lab Purchase Agreement.

(e) Termination as a Result of Law. Notwithstanding any provision of this Agreement, if the governmental agencies (or their representatives) which administer Medicare or Medicaid, or any other third-party or any other federal, state or local

government or agency passes issues or promulgates any law, rule, regulation, standard or interpretation at any time while this Agreement is in effect which prohibits, restricts, limits or in any way changes the method or amount of reimbursement or payment for services rendered under this Agreement; puts either party at risk of sanctions or other penalties, or which otherwise affects either party's rights or obligations hereunder, either party may notify the other party that such change, upon the advice of counsel, may be in violation of state or federal law or that such changes presents a material adverse event. The parties agree to negotiate to revise the Agreement, if possible, to preserve the original lawful intention of the Agreement. If the parties cannot reach an agreement in good faith within thirty (30) days of the notice, this Agreement will terminate.

(f) Obligations Upon Termination. Except in the case of a termination of this Agreement by Manager for "cause," following any termination under the terms of this Agreement, Manager will cooperate and assist in the orderly and efficient transfer of administration of the Department to any new administrator or management firm (provided, however, that Manager shall be entitled to reasonable and customary fees for its transition Services). In all events, Manager shall surrender to Owner copies of all documents and records in its possession relating to the operations of the Denver Lab. Expiration or termination of this Agreement shall not release any party from any liability which at such time has already accrued or which thereafter accrues from a breach or default prior to such expiration or termination. In addition, expiration or termination of this Agreement shall not affect in any way the survival of any other right, duty or obligation of a Party which is expressly stated in this Agreement to survive such expiration or termination. Sections 6(d), 7(f), 8, 9(e),(f),(g) and (h), 10, 11 and 12 (to the extent applicable to the foregoing surviving Sections) shall survive any termination or expiration of this Agreement.

8. Default.

(a) Remedies Upon Default. If any Event of Default by either party shall occur and be continuing, each party shall have any remedy available to it in law or equity on account of such Event of Default in addition to its right to terminate this Agreement under Section 7. Upon such termination or expiration of this Agreement, neither party shall have further obligations whatsoever under this Agreement, except for the provisions of Section 7(f), and Sections 6(d), 8, 9(e),(f),(g) and (h), 10, 11 and 12 which provisions survive as provided in Section 7(f) above, and in such event each party be entitled to receive payment of all amounts theretofore due and unpaid as of the date of expiration or such termination pursuant to the terms hereof including payment by Manager of any Excess Expenses and payment by Owner of any Management Fee, payment of which shall be due twenty (20) days following the submission by Owner or by Manager of a statement thereof (subject to any amounts disputed in good faith) (the "Due Date"). Each party shall be entitled to interest at the maximum statutory legal rate on any past due payments from the Due Date until paid. Expiration or termination of this Agreement shall not release any party from any liability which at such time has already accrued or which thereafter accrues from a breach or default prior to such expiration or termination.

(b) Rights Cumulative; No Waiver. No right or remedy herein conferred upon or reserved to either of -the parties hereto is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter legally existing upon the occurrence of an Event of Default hereunder. The failure of either party hereto to insist at any time upon the strict observance or performance of any of the provisions of this Agreement or to exercise any right or remedy as provided in this Agreement shall not impair any such right or remedy or be construed as a waiver or relinquishment thereof. Every right and remedy given by this Agreement to the parties hereof may be exercised from time to time and as often as may be deemed expedient by the parties hereto as the case may be.

(c) Default with Other Agreements. The parties agree that it shall be an Event of Default by Owner or by Manager (as the case may be) if such party shall default in the performance of any material covenant, agreement, term of provision of any other agreements executed between Owner and Manager including the DIP Loan Agreement and the Asset Purchase Agreement.

9. Insurance and Indemnification.

(a) Manager's Liability Insurance. Manager agrees to obtain and maintain, at its sole expense, appropriate levels of liability insurance, as the Manager may determine in its discretion, to insure against any claim arising out of activities and decisions of the Manager or its employees, including Manager personnel having duties with respect to the Denver Lab. Manager shall be solely responsible for the payment of any and all retentions, deductibles and/or claims with respect to its own policies.

(b) Owner's Liability Insurance. Owner agrees to work with Manager to obtain and maintain, at Manager's expense, appropriate levels of liability insurance, as the Owner and Manager may determine in their discretion, to insure against any claim arising out of activities and decisions of the Owner or its employees, including the Pflebotomists and other personnel having duties with respect to the Denver Lab.

(c) Premises Liability Insurance. Owner agrees to work with Manager, at Manager's sole expense, to obtain and maintain premises liability insurance covering the Denver Lab and in amounts that the Owner and Manager may determine in their discretion, and, to the extent practicable, naming Manager as an additional insured.

(d) [Intentionally Omitted]

(e) Indemnification of Manager. To the extent not covered by insurance as provided above, Owner shall defend, indemnify and hold harmless Manager, its managers, members, officers, employees, subcontractors and agents from and against liability for any and all costs (including court costs), expenses, fees (including reasonable attorneys' fees) and payments by, and losses and damages which arise out of or are in any way connected with, the negligent or willful misconduct of Owner, its management, members, officers, employees or agents (excepting Manager or any staff of the Denver

Labs or performing Denver Lab Services), unless such act or omission is caused by the negligence or willful misconduct of Manager or one of its managers, members, officers, employees, subcontractors or agents or any staff of the Denver Labs or performing Denver Lab Services.

(f) Indemnification of Owner. To the extent not covered by insurance as provided above, Manager shall defend, indemnify and hold harmless Owner, its manager, members, officers, employees and agents from and against liability for any and all costs (including court costs), expenses, fees (including reasonable attorneys' fees) and payments by, and losses and damages which arise out of, or are in any way connected with, (i) any breach or alleged breach of this Agreement by Manager, (ii) any operations of the Denver Lab or Denver Lab Services except to the extent such operations are attributable to the negligence or willful misconduct of Owner or its managers, members, officers, employees or agents (excepting Manager or any staff of the Denver Labs or performing Denver Lab Services) or (iii) the negligent or willful misconduct of Manager, its manager, members, officers, employees, subcontractors or agents in the performance of their duties under this Agreement unless such act or omission is caused by the negligence or willful misconduct of Owner or its managers, members, officers, employees or agents (excepting Manager or any staff of the Denver Labs or performing Denver Lab Services).

(g) Notice of Claims . If either party shall receive notice of any third-party claim, such party shall promptly provide written notice of such claim to the other party.

(h) Procedure for Indemnification. If there is asserted any claim, liability or obligation that in the judgment of a party indemnified above (the "Indemnified Party") may give rise to any indemnified losses (the "Indemnified Losses") or if the Indemnified Party determines the existence of the foregoing, whether or not the same shall have been asserted, Indemnified Party shall give the party from whom indemnity is sought (the "Indemnitor") notice (a "Notice of Claim") within thirty (30) business days of the assertion of any claim, liability or obligation, or within ten (10) business days of receipt of notice of the filing of any lawsuit based upon such assertion, or, with respect to a claim not yet asserted against the Indemnified Party, promptly upon the determination by an officer or manager of the Indemnified Party of the existence of the same, and shall give the Indemnitor a reasonable opportunity of assuming such defense of such claim, liability or obligation, using counsel reasonably acceptable to the Indemnified Party; provided, however, that the Indemnified Party shall have the right to participate in such defense, except that if the Indemnified Party retains separate counsel, other than in the event of a conflict of' interest requesting the retention of separate counsel, the Indemnified Party shall assume the expense of the separate counsel. Failure by the Indemnified Party to give timely notice pursuant to this Section 9(h) shall not relieve the Indemnitor of its obligations, except to the extent that the Indemnitor is actually prejudiced by such failure to give timely notice. No settlement or adjustment shall be made without the Indemnified Party's prior written consent, which consent shall not be unreasonably withheld. If the Indemnitor fails to contest in good faith any such claim, liability or obligation, the Indemnified Party shall have the right to defend, settle or pay the same and pursue its remedies against the Indemnitor hereunder. The Indemnified Party shall cooperate with

the Indemnitor in any such defense which the Indemnitor elects to assume in the event the Indemnitor makes such request to the Indemnified Party and such request is reasonable, provided the Indemnitor shall hold the Indemnified Party harmless from all of its out-of-pocket expenses, including reasonable attorneys' fees, incurred in connection with the Indemnified Party's cooperation. In the event of a disagreement among the parties as to whether any claim, liability or obligation may give rise to an Indemnified Loss, then the Indemnified Party shall have the right to defend, settle or pay the same, or to pursue its remedies against Indemnitor hereunder, provided however the Indemnitor shall have the right to participate in such defense and no settlement or adjustment shall be made without Indemnitor's prior written consent, which consent shall not be unreasonably withheld.

Notwithstanding anything contained elsewhere in this Section 9(h), if an offer of compromise is received by the Indemnitor with respect to a claim related to any of the Indemnified Losses, such Indemnitor may notify the Indemnified Party in writing of the Indemnitor's willingness to compromise or settle such claim on the basis set forth in such notice. If the Indemnified Party declines to accept such compromise or settlement, the Indemnified Party may continue to contest such claim, free of any participation by the Indemnitor, at the Indemnified Party's sole expense. In such event the obligation of the Indemnitor to the Indemnified Party with respect to such claim shall be equal to the lesser of (i) the amount of the offer of compromise or settlement which the Indemnified Party declined to accept, and (ii) the actual out-of-pocket amount the Indemnified Party is obligated to pay as a result of the Indemnified Party's continuing to contest such claim. An Indemnitor shall be entitled to recover (by setoff or otherwise) from an Indemnified Party any additional expenses incurred by the Indemnitor as a result of the Indemnified Party's decision to continue to contest such claim.

10. License to Proprietary Materials. "Documentation" means technical, procedural and administrative manuals, training materials, standard report forms and other materials that contain information regarding the operation and management of centers such as the Department, which materials Owner delivers to Manager or Manager delivers to Owner under this Agreement and which materials Manager and/or Owner shall use in performing their respective obligations under this Agreement. Each party possesses the authority and hereby grants to the other party a non-transferable right to use the Documentation in accordance with the provisions of this Agreement. Each party is aware that this Agreement grants such Party no title or rights of ownership in the Documentation provided by the other party and that the Documentation is the proprietary information, trade secret and valuable property such other party. Neither party may copy the Documentation provided by the other party except with the prior written consent of such other party. As provided in Section 11, each party agrees to maintain strict confidentiality with respect to the Documentation. All rights with respect to the Documentation not specifically granted to a party by the other party or reasonably implied by or needed for the rights granted to such party under this Agreement are retained by the other party.

11. Non-Disclosure of Proprietary or Confidential Information.

(a) Non-Disclosure and Non-Use. By operation of and performance under this Agreement, the parties may have access to information that is confidential or

proprietary to the other party ("Proprietary and Confidential Information"). Proprietary and Confidential Information consists of (i) the Documentation and any trade secrets related thereto; (ii) any trade secrets or confidential information of either party, including information disclosed by or learned by the other party as a result of its access to the systems, data, files, documents, offices, property or personnel of such first party; (iii) any other information or data of a party disclosed to or learned by the other party that a reasonable person in like circumstances would understand to be confidential or proprietary information of the disclosing party; (iv) all financial and operating information or procedures of the Department, including quality assurance and utilization review procedures, malpractice claims information, information or materials related to any litigation, pricing information, wage and salary scales, and information pertaining to EEOC and civil rights matters and investigations; (v) all material generated in connection with the ASC Services or the negotiation of this Agreement and any similar prior agreement, other than information available in promotional materials, or other materials made available to the general public; and (vi) all financial and operating information of Manager and Owner, including techniques, procedures, and methods developed or used by Manager and Owner to operate the Department and administer the ASC Services, if such are not readily available in the public domain. A disclosing party's Proprietary or Confidential Information shall not include information that;

(i) is or becomes a part of the public domain through no act or omission of the receiving party;

(ii) was in the receiving party's lawful possession prior to the time such information was disclosed to or learned by the receiving party from or by access to the disclosing party, and at the time of such prior possession the receiving party was not under a duty of confidentiality to the disclosing party with respect thereto;

(iii) is lawfully disclosed to the receiving party by a third party without restriction imposed by the third party on the receiving party's further disclosure of such information; or

(iv) is independently developed by the receiving party by its personnel not having access to such Proprietary or Confidential Information.

(b) When Required by Law. Nothing in this Agreement shall prohibit any disclosure of Proprietary or Confidential Information by the receiving patty when disclosure is required by law, regulation or court order, but only to the extent so required. The receiving party shall inform the disclosing party of the requirement and shall cooperate with the disclosing party in obtaining a protective order and other reasonable protections for the Proprietary or Confidential Information subject to disclosure.

(c) Reasonable Steps to Protect. Each party agrees, both during the Term of this Agreement and after termination, to hold the other party's Proprietary or Confidential Information in strict confidence. Each party agrees not to make the other party's Proprietary or Confidential Information available in any form to any third party or to use

the other party's Proprietary or Confidential Information for any purpose other than for the purposes explicitly permitted by this Agreement. The receiving party agrees to take all reasonable steps to insure that Proprietary of Confidential Information of the disclosing party is not disclosed or distributed by the receiving party's employees, agents or consultants in violation of the provisions of this Agreement.

(d) Patient Data. Manager shall have access to patient data, which it shall hold in strict confidence, and shall use only for the purposes of this Agreement. Manager shall instruct its personnel concerning the requirements of this paragraph. Patient data shall mean any data or information concerning patients of Owner or of independent care givers, including without limitation, any of the treatments, procedures, medicines, drugs, diagnosis, therapies, surgeries, outcomes, histories, genetics, disclosures or behaviors of any such patients. The privacy and other rights of all patients shall be respected.

(e) HIPAA Requirements. Manager agrees not to use or further disclose any protected health information, as defined in 45 C.F.R. Part 164, or individual health information as defined in 45 C.F.R. Part 142 (collectively, the "Protected Health Information"), concerning a patient other than as permitted by this Agreement and the requirements of the federal privacy regulations as contained in 45 C.F.R. Part 164 (the "Federal Privacy Regulations") and the federal security standards as contained in 45 C.F.R. Part 142 (the "Federal Security Regulations"). The Manager will implement appropriate safeguards to prevent the use or disclosure of a patient's Protected Health Information other than as provided for by this Agreement. Manager will promptly report to Owner any use or disclosure of a patient's Protected Health Information not provided for by this Agreement of which Manager becomes aware. In the event Manager, with Owners' approval, contracts with any sub-managers or agents to whom Manager provides a patient's Protected Health Information received from Manager, Manager shall include provisions in such agreements whereby the sub-manager and agent agree to the same restrictions and conditions that apply to Manager with respect to such patient's Protected Health Information. Manager will make its internal practices, books, and records relating to the use and disclosure of a patient's Protected Health Information available to the Secretary of Health and Human Services to the extent required for determining compliance with the Federal Privacy Regulations and the Federal Security Regulations. Notwithstanding the foregoing, no attorney-client, accountant-client, or other legal privilege shall be deemed waived by Owner by virtue of this Section. Contemporaneously with the execution of this Agreement, the parties will enter into the Business Associate Addendum attached hereto.

(f) Equitable Relief. Each party acknowledges that any use or disclosure of the other party's Proprietary or Confidential Information other than as specifically provided for in this Agreement will result in irreparable injury and damage to the disclosing party not adequately compensable in monetary damages alone. Accordingly, each party hereby agrees that in the event of use or disclosure by the receiving party of the disclosing party's Proprietary or Confidential Information (other than as specifically provided for in this Agreement or in another written agreement between the parties), the disclosing party shall be entitled to preliminary and permanent injunctive relief and other equitable relief as granted by any court of competent jurisdiction.

12. Miscellaneous.

(a) Change in Law. If any law or governmental regulation is adopted or any court decision is promulgated after the date of this Agreement, and such law, regulation or court decision makes this Agreement or a provision hereof illegal, the parties agree to use their best efforts to restructure this Agreement in such manner that will avoid such illegality and, to the extent practicable, will preserve the existing financial and business relationships among them.

(b) Compliance with Federal Health Care Programs and Anti-Kickback Statute. The parties to this Agreement intend to comply with and have therefore structured this Agreement so as to comply with the Federal Health Care Programs Anti-Kickback Statute 42 U.S.C. §1320a-7b(b) (the "Statute"). It is not a purpose of this Agreement to induce the referral of patients. The parties acknowledge that there is no obligation or compensation under this Agreement or any agreement between them that requires Manager or its owners, employers or agents to refer, recommend, or arrange for any items or services paid for by Medicare, Medicaid, or any other federally funded health care program.

(c) Access to the Department. Manager shall at all times during the Term hereof, have complete access to the Department related to the Denver Lab Services, its records, offices, and facilities, in order to carry out its obligations hereunder.

(d) Restriction on Assignment. No party hereto may assign its interest in this Agreement or delegate the performance of its obligations under it, to any other person without obtaining the prior written consent of the other party, which shall not be unreasonably withheld.

(e) Successors. All the provisions herein contained shall be binding upon and inure to the benefit of the respective lawful successors and assigns of Manager and Owner.

(f) Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior understandings between the parties, whether written or oral, as to such subject matter. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all the parties. No waiver shall be binding unless executed in writing by the party making the waiver.

(g) Headings. The headings to the various sections of this Agreement have been inserted for reference purposes only and shall not modify, define, limit or expand the expressed provisions of this Agreement.

(h) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, and such counterparts shall together constitute but one and the same Agreement.

(i) Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given when hand delivered one (1) day after deposit with a recognized air courier or three (3) business days after deposit in the United States mail, if mailed by certified or registered mail, return receipt requested, postage prepaid and addressed as follows:

If to Manager:
Cadira Group Holdings, LLC
4789 Tejon Street, Suite 100
Denver, Colorado 80211
Attn: Mr. Beau Gertz
beau@perseverancemed.com

With copies to:
Paul Epner, Esq.
17705 Jessie James Lane
Ramona, California
paul@cadiramd.com

And

Edward T. Laborde, Jr., Esq.
Dentons US LLP
1221 McKinney, Suite 1900
Houston, Texas 77010
edward.laborde@dentons.com

If to Owner:
Surprise Valley Health Care District
741 North Main Street
Cedarville, CA 94104
Attn: Jennifer Hanor
(Jhanor@svhospital.org)

With a copy to:

Cathrine M. Castaldi
Brown Rudnick LLP
2211 Michelson Drive, Seventh Floor
Irvine, CA 92612
ccastaldi@brownrudnick.com

A party may change its address by giving notice in the manner provided above.

(k) Authorization for Agreement. The execution and performance of this Agreement by the parties hereto have been duly authorized by all necessary laws, resolutions or corporate or partnership action, and this Agreement constitutes the valid and enforceable obligations of the parties in accordance with its terms.

(l) Governing Law. This Agreement shall be deemed to have been made and shall be construed and interpreted in accordance with the laws of the State of California.

(m) Gender and Number. As used in this Agreement, the masculine, feminine or neuter gender and the singular or plural number, shall each include the others whenever the context so indicates.

(n) Access to Books and Records. To the extent required by applicable laws and regulations, each of the parties hereto shall make their respective books, documents, and records available upon written request to the Controller General of the United States, the Secretary of Health and Human Services, the Texas Department of Health or the duly authorized representatives thereof to the extent required to verify the costs of services rendered by Manager pursuant to this Agreement for a period of four (4) years following the rendition of such services by Manager hereunder. In the event that any of Manager's obligations under this Agreement are carried out through a permitted subcontractor with whom Manager has contracted, to the extent required under applicable laws and regulations, Manager shall require such subcontractor to make its books, documents and records available in the same manner.

(o) Attorneys Fees. In the event of the breach of this Agreement, the non-breaching party shall be entitled, in addition to any other remedy provided by law, to the recovery of all costs and attorneys' fee incurred in the enforcement of the non-breaching party's rights hereunder.

(p) **Limitation of Remedy**. EXCEPT WITH RESPECT TO AMOUNTS ARISING FROM THIRD PARTY CLAIMS PURSUANT TO THE INDEMNIFICATION OBLIGATIONS SET FORTH IN ARTICLE 9, IN NO EVENT WILL EITHER PARTY, OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, STOCKHOLDERS, AGENTS OR REPRESENTATIVES BE LIABLE TO THE OTHER PARTY OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, STOCKHOLDERS, AGENTS OR REPRESENTATIVES FOR ANY SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES OR LOSS OF GOODWILL IN ANY WAY RELATING TO THIS AGREEMENT , EVEN IF SUCH PARTY HAS BEEN NOTIFIED OF THE POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGES OCCURRING, AND WHETHER SUCH LIABILITY IS BASED ON CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHERWISE.

Signature Page Immediately Follows

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

"**OWNER**"

Surprise Valley Health Care District

By: _____
Printed Name: Jennifer Honor
Title: Chief Executive Officer

"**MANAGER**"

Cadira Group Holdings, LLC

By: _____
Printed Name: _____
Title: MANAGER

BUSINESS ASSOCIATE ADDENDUM

This Business Associate Agreement (the "Agreement") is made between **Surprise Valley Health Care District** ("Covered Entity") and **Cadira Group Holdings, LLC** ("Business Associate"; together with Covered Entity, the "Parties").

WHEREAS, Covered Entity and Business Associate have entered into that certain Lab Management Agreement of even date herewith (the "Services Agreement") pursuant to which Business Associate will provide services to Covered Entity that require Business Associate to access Protected Health Information (defined below) that is protected by state and/or federal law;

WHEREAS, Business Associate and Covered Entity desire that Business Associate obtain access to such information in accordance with the terms specified herein;

NOW THEREFORE, Covered Entity and Business Associate hereby agree as follows:

1. **DEFINITIONS**. Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the Privacy Rule.

1.1 Business Associate. "Business Associate" shall mean **Cadira Group Holdings, LLC**

1.2 Covered Entity. "Covered Entity" shall mean **Surprise Valley Health Care District**.

1.3 Data Aggregation. "Data Aggregation" means the combining of one covered entity's Protected Health Information with another covered entity's Protected Health Information by a business associate of both such covered entities, in order to permit data analyses that relate to the health care operations of both covered entities.

1.4 Designated Record Set. "Designated Record Set" means:

(a) A group of records maintained by or for a covered entity that is:

(i) The medical records and billing records about individuals maintained by or for a covered health care provider;
(ii) The enrollment, payment, claims, adjudication, and case or medical management record systems maintained by or for a health plan; or
(iii) Used, in whole or in part, by or for the covered entity to make decisions about individuals.

(b) For purposes of this paragraph, the term record means any item, collection, or grouping of information that includes Protected Health Information and is maintained, collected, used, or disseminated by or for a covered entity.

1.5 Individual. "Individual" shall have the same meaning as the term "individual" in 45 C.F.R. 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. 164.502(g).

1.6 Limited Data Set. HIPAA's privacy rule makes provisions for a limited data set, authorized only for public health, research, and health care operations purposes. A limited data set must have all direct identifiers removed, including: name and social security number; street address, e-mail address, telephone and fax numbers; addresses; full face photos and any other comparable images; medical record numbers, health plan beneficiary numbers and other account numbers; device identifiers and serial numbers and biometric identifiers, including finger and voice prints.

1.7 Privacy Rule. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. part 160 and part 164, subparts A and E, of the Health Insurance Portability and Accountability Act of 1996, as amended from time to time.

1.8 Protected Health Information. "Protected Health Information" shall have the same meaning as the term "Protected Health Information" in 45 C.F.R. 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.

1.9 Required By Law. "Required By Law" shall have the same meaning as the term "required by law" in 45 C.F.R. 164.501.

1.10 Secretary. "Secretary" shall mean the Secretary of the Department of Health and Human Service or his or her designee.

2. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE

2.1 Business Associate agrees to not use or disclose Protected Health Information other than as permitted or required by the Services Agreement or as Required by Law.

2.2 Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement.

2.3 Business Associate agrees to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic Protected Health Information that it creates, receives, maintains, or transmits on behalf of the Covered Entity.

2.4 Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides electronic Protected Health Information agrees to implement reasonable and appropriate safeguards to protect it.

2.5 Business Associate agrees to report to the Covered Entity any security incident involving the use or disclosure of Protected Health Information not provided for by this Agreement of which it becomes aware.

2.6 Business Associate agrees to report to Covered Entity any use or disclosure of Protected Health Information not provided for by this Agreement of which it becomes aware.

2.7 Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.

2.8 Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.

2.9 If Business Associate receives Protected Health Information in a Designated Record Set or maintains Protected Health Information that it receives from Covered Entity in a Designated Record Set, Business Associate agrees to provide access, at the request of Covered Entity, within sixty (60) days of receiving a written request from the Covered Entity, to Protected Health Information in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 C.F.R. 164.524.

2.10 If Business Associate receives Protected Health Information in a Designated Record Set or maintains Protected Health Information that it receives from Covered Entity in a Designated Record Set, Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 C.F.R. 164.526 at the request of Covered Entity or an Individual, within sixty (60) days of receiving a written request from the Covered Entity.

2.11 Business Associate agrees to make internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Covered Entity, or to the Secretary, or within sixty (60) days of receiving a written request from the Covered Entity or within the time designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule.

2.12 Business Associate agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of

disclosures of Protected Health Information in accordance with 45 C.F.R. 164.528.

2.13 Business Associate agrees to provide to Covered Entity or an Individual within sixty (60) days of a written request from Covered Entity information collected in accordance with Section 2(i) of this Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. 164.528.

3. PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE

3.1 General Use and Disclosure Provisions

Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Services Agreement provided that such use or disclosure would not violate the Privacy Rule if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity.

3.2 Specific Use and Disclosure Provisions

(a) Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.

(b) Except as otherwise limited in this Agreement, Business Associate may disclose Protected Health Information for the proper management and administration or to carry out the legal responsibilities of the Business Associate, provided that disclosures are Required by Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

(c) Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information to provide Data Aggregation Services to Covered Entity as permitted by 45 C.F.R. 164.504(e)(2)(i)(B).

(d) Business Associate may use Protected Health Information to report violations of law to appropriate Federal and State authorities, consistent with 45 C.F.R.164.502(j)(1).

(e) Business Associate may de-identify any and all Protected Health Information created or received by Business Associate under this

Agreement; provided, however, that the de-identification conforms to the requirements of the Privacy Rule. Such resulting de-identified information would not be subject to the terms of this Agreement.

(f) Business Associate may create a Limited Data Set and use such Limited Data Set pursuant to a data use agreement that meets the requirements of the Privacy Rule.

4. OBLIGATIONS OF COVERED ENTITY

4.1 Provisions for Covered Entity to Inform Business Associate of Privacy Practices and Restrictions

(a) Covered Entity shall notify Business Associate of any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 C.F.R. 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of Protected Health Information.

(b) Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by Individual to use or disclose Protected Health Information, to the extent that such changes may affect Business Associate's use or disclosure of Protected Health Information.

(c) Covered Entity shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 C.F.R. 164.522, to the extent that such restrictions may affect Business Associate's use or disclosure of Protected Health Information.

(d) Covered Entity shall obtain any consent, authorization or permission that may be required by the Privacy Rule or applicable state laws and/or regulations prior to furnishing Business Associate the Protected Health Information pertaining to an Individual.

4.2 Permissible Requests by Covered Entity

Covered Entity shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by Covered Entity.

5. TERM AND TERMINATION

5.1 Term. The term of this Agreement shall be effective as of the first date written above and shall terminate when all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity; is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this Section.

5.2 Termination for Cause. Upon Covered Entity's knowledge of a material breach of this Agreement by Business Associate, Covered Entity shall:

(a) provide an opportunity for Business Associate to cure the breach or end the violation and may terminate this Agreement and the Services Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;

(b) immediately terminate this Agreement and the Services Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or

(c) if neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.

5.3 Effect of Termination.

(a) Except as provided in paragraph 5(c)(2) of this Agreement, upon termination of this Agreement, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

(b) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon the reasonable agreement of the Covered Entity that return or destruction of Protected Health Information is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

6. MISCELLANEOUS

6.1. Regulatory References. A reference in this Agreement to a section in the Privacy Rule means the section as in effect or as amended.

6.2 Change in Law. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for either Party or both Parties to comply with the requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act of 1996. The parties agree to negotiate in good faith mutually and acceptable appropriate amendment(s) to the Agreement to give effect to such revised obligations. If the Parties are unable to agree to mutually

acceptable amendment(s) within sixty (60) days of the relevant change in law or regulations, either Party may terminate the Agreement and the Services Agreement.

6.3 Survival. The respective rights and obligations of Business Associate under Section 5 of this Agreement shall survive the termination of this Agreement.

6.4 Interpretation. Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the Privacy Rule.

6.5 Construction of Terms. The terms of this Agreement shall be construed in light of any applicable interpretation or guidance on HIPAA and/or the Privacy Regulation issued by the Department of Health and Human Services or the Office of Civil Rights ("OCR") from time to time.

6.6 No Third Party Beneficiaries. Nothing in this Agreement shall confer upon any person other than the parties and their respective Successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

6.7 Contradictory Terms. Any provision of the Services Agreement that is directly contradictory to one or more terms of this Agreement ("Contradictory Term") shall be superseded by the terms of this Agreement as of the Effective Date of this Agreement to the extent and only to the extent of the contradiction, only for the purpose of the Covered Entity's compliance with the Privacy Rule and only to the extent that it is reasonably impossible to comply with both the Contradictory Term and the terms of this Agreement.

Signature Page Immediately Follows

IN WITNESS WHEREOF, the parties have executed this Agreement as of the ___ day of February, 2018.

"COVERED ENTITY"

Surprise Valley Health Care District

By:_____

Printed Name:_____

Title:_____

"BUSINESS ASSOCIATE"

Cadira Group Holdings, LLC

By:_____

Printed Name:_____

Title:_____

EXHIBIT "E"

ASSET PURCHASE AGREEMENT

between

SURPRISE VALLEY HEALTH CARE DISTRICT,
Debtor-in-Possession

and

CADIRA GROUP HOLDINGS, LLC

February 26, 2018

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SCHEDULES

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "**Agreement**") is made and entered into as of February 26, 2018, by and between CADIRA GROUP HOLDINGS, LLC, a Delaware limited liability company, or its designee ("**Buyer**"), and SURPRISE VALLEY HEALTH CARE DISTRICT, a California health care district ("**Seller**").

WHEREAS, Seller is a debtor-in-possession under Title 11 of the United States Code, 11 U.S.C. § 101 *et seq*. (the "**Bankruptcy Code**") and on January 4, 2018 (the "**Petition Date**") commenced a bankruptcy case by filing a voluntary petition for relief under Chapter 9 of the Bankruptcy Code (the "**Chapter 9 Case**") in the United States Bankruptcy Court for the Eastern District of California (Case No. 18-20070) (the "**Bankruptcy Court**");

WHEREAS, Seller is continuing to operate its business and manage its properties as a debtor-in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code;

WHEREAS, Buyer wishes to buy, and Seller wishes to sell, substantially all of the assets of Seller on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties agree as follows:

ARTICLE 1
DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings set forth in this Article 1.

"**Accreditation Body**" means any Governmental Authority or private non-profit organization that reviews and, based on such reviews, accredits hospitals, laboratories, pharmacies and other providers of medical, surgical or diagnostic services, including without limitation, the Joint Commission and the College of American Pathologists.

"**Additional Contracts**" has the meaning set forth in Section 6.2 of this Agreement.

"**Affiliate**" of a specified Person means a Person who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Person specified.

"**Assumed Contracts**" has the meaning set forth in Section 2.1(e) of this Agreement.

"**Assumed Liabilities**" has the meaning set forth in Section 2.4 of this Agreement.

"**Assumed Purchase Money Liabilities**" has the meaning set forth in Section 2.4(b) of this Agreement.

"**Authorized Assumed Contracts**" has the meaning set forth in Section 2.4(a) of this Agreement.

"**Authorizing Order**" has the meaning set forth in Section 6.1 of this Agreement.

"**Buyer**" has the meaning set forth in the introduction to this Agreement.

"**Bankruptcy Code**" has the meaning set forth in the recitals of this Agreement.

"**Bankruptcy Court**" has the meaning set forth in the recitals of this Agreement.

"**Business Day**" means a day that is not a Saturday, Sunday or holiday in the State of California or the State of Colorado.

"**Chapter 9 Case**" has the meaning set forth in the recitals of this Agreement.

"**Chapter 9 Professionals**" means the following professionals retained pursuant to order of the Bankruptcy Court in the Chapter 9 Case: (i) Brown Rudnick LLP, attorneys for Seller and (ii) Glass Ratner, LLP, financial advisor and consultant to Seller.

"**Closing**" has the meaning set forth in Section 3.4 of this Agreement.

"**Closing Date**" has the meaning set forth in Section 3.4 of this Agreement.

"**Committee**" means any Official Joint Committee of Unsecured Creditors of Seller in the Chapter 9 Case.

"**DIP Credit Agreement**" means that certain Superpriority Senior Secured Credit Agreement dated as of February 26, 2018 between Buyer as Lender and Seller as Debtor.

"**Effective Time**" has the meaning set forth in Section 3.4 of this Agreement.

"**Excluded Assets**" has the meaning set forth in Section 2.2 of this Agreement.

"**Excluded Liabilities**" has the meaning set forth in Section 2.5 of this Agreement.

"**Governmental Authority**" means any nation, province, state or other political subdivision thereof, and any agency, natural person or other entity exercising executive, legislative, regulatory or administrative functions of or pertaining to government, including without limitation, the Centers for Medicare & Medicaid Services, the Cedarville Fire Department, the IRS, the Centers for Medicare and Medicaid, Modoc County Health Services, the California Departments of Public Health, Medi-Cal, TRICARE, the United States Department of Health and Human Services, the United States Drug Enforcement Agency, and the United States Food and Drug Administration.

"**Hospital**" means Surprise Valley Hospital, a 26-bed acute care hospital owned and operated by Seller, with a campus located at 741 North Main Street, Cedarville, California 94104.

"**IRS**" means the United States Internal Revenue Service of the United States Department of the Treasury.

"**Licenses and Permits**" has the meaning set forth in Section 2.1(g) of this Agreement.

"**Liens, Claims and Encumbrances**" has the meaning set forth in Section 2.3 of this Agreement.

"**Ordinary Course Purchase Orders**" mean purchase orders of Seller for medical supplies, drugs, housekeeping, janitorial and office supplies, food, and other disposables and consumables that have not been delivered to Seller prior to the Effective Time and were issued by Seller in the ordinary course of business in arms-length transactions with Persons who are not Affiliates of Seller for fair market value, and without unlawful kickbacks to any Person.

"**Person**" means a natural person, a governmental entity, agency or representative (at any level of government), a corporation, partnership, limited liability company, joint venture, trust or other entity or association, as the context requires.

"**Petition Date**" has the meaning set forth in the recitals of this Agreement.

"**Pre-Petition Federal Payroll Tax Liabilities**" means the FICA and FUTA liabilities of Seller to the Internal Revenue Service relating to periods prior to the Petition Date, and including all interest and penalties thereon.

"**PTO**" means all liabilities of Seller for vacation and other paid time off of Seller Employees as of the Effective Time.

"**Purchased Assets**" has the meaning set forth in Section 2.1 of this Agreement.

"**Purchase Price**" has the meaning set forth in Section 3.1 of this Agreement.

"**Retained Cash**" means up to (but not exceeding) $635,000 of cash or cash equivalents, if any, held by the Seller immediately prior to the Closing including any cash on hand from proceeds borrowed in accordance with the DIP Credit Agreement immediately prior to Closing.

"**Seller**" has the meaning set forth in the introduction to this Agreement.

"**Seller Employees**" mean all Persons who are employees of Seller immediately prior to the Effective Time, whether such employees are full-time employees, part-time employees, on short-term or long-term disability, or on leave of absence pursuant to Seller's policies, the Family and Medical Leave Act of 1993 or other similar local law.

"**Seller Employee Benefit Plans**" means all employee benefit plans or fringe benefit plans for Seller Employees, whether provided by third parties or by Seller, including without limitation: (a) all employee health insurance plans, dental plans, vision plans, life insurance plans, disability plans and workers' compensation plans; and (b) all 401(k) plans.

"**Seller Liabilities**" mean any and all debts, costs, liabilities, obligations and commitments of Seller, whether accrued or fixed, known or unknown, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, or determined, undetermined or undeterminable, whether arising before, on or after the Effective Time.

"**SeroDynamics**" means SeroDynamics, LLC, a Colorado limited liability company, the outstanding membership interests in which were acquired by the Seller pursuant to that certain Limited Liability Company Purchase Agreement dated February 26, 2018 by and between Buyer (as the owner and seller of such membership interests) and Seller (as the purchaser of such membership interests).

"**SeroDynamics Facility**" means the CAP-accredited laboratory facility located in Denver, Colorado and owned by SeroDynamics.

"**Voter Approval**" has the meaning set forth in Section 3.5(d) of this Agreement.

ARTICLE 2
PURCHASE AND SALE OF ASSETS

2.1 Purchased Assets. On the Closing Date and effective as of the Effective Time, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase, receive and accept from Seller, all right, title and interest in and to all of the rights, assets and properties (excluding only those rights, assets and properties described in Section 2.2 hereof), of every kind, character and description, which are owned or leased by Seller and used in the operation or management of the Hospital or otherwise for the benefit of the Hospital, whether tangible, intangible, real personal or mixed, movable or fixed, and wherever located, and (ii) the membership interests of SeroDynamics (collectively, the "**Purchased Assets**"), including without limitation, the following:

(a) all cash, cash equivalents, bank accounts (other than payroll accounts), marketable securities and investment property, except for the Retained Cash;

(b) all accounts, accounts receivable and rights to payment, health care insurance receivables, general intangibles, payment intangibles, instruments, promissory notes, chattel paper, supporting obligations, and letter of credit rights, including without limitation, all rights and claims to payment under Medicare (including Medicare cost report settlements), Medicaid, TRICARE, the Children's Health Insurance Program, and the Disproportionate Share Hospital Program, and all claims, causes of action, rights and defenses with respect to any of the foregoing;

(c) all inventory and supplies, including without limitation, all medical supplies, drugs, housekeeping, janitorial and office supplies, food, and other disposables and consumables;

(d) all equipment, machinery, furniture and furnishings, fixtures, tools, vehicles and other tangible personal property, including without limitation, the motor vehicles listed in **Schedule 2.1(d)** hereto;

(e) all of the contracts and leases set forth on **Schedule 2.1(e)** (the "**Assumed Contracts**"), all amounts payable to Seller under the Assumed Contracts, and all claims, causes of action, rights and defenses against counterparties to the Assumed Contracts;

(f) all security deposits held by counterparties to the Assumed Contracts, all prepaid expenses, and all partial payments and balances held by vendors;

(g) all rights, to the extent assignable or transferable, to all licenses, Medicare and Medicaid provider numbers, permits, approvals (including pending approvals), certificates of need, certificates of exemption, franchises, accreditations, registrations and other licenses, permits and approvals issued to Seller by any Governmental Authority or Accreditation Body relating to the ownership, development or operations of the Hospital (**"Licenses and Permits"**), including without limitation, the Licenses and Permits listed in **Schedule 2.1(g)** hereto;

(h) all rights to the names "Surprise Valley Hospital," other trade names, alone or in combination with other words, and all trademarks, trademark applications, trade names, business names, trade styles, slogans, fictitious names, service names, logos, symbols and service marks used by Seller in connection with the Hospital, including without limitation, the trademarks listed in **Schedule 2.1(h)** hereto;

(i) all copyrights, copyright applications, patents, patent applications, trade secrets, technology and know-how;

(j) all software, computer software programs and computer software licenses, whether owned or licensed, and all written materials relating to such software, computer software programs and computer software licenses;

(k) all rights, to the extent assignable, in all express or implied warranties, representations and guaranties of any manufacturer, vendor or contractor in connection with the Purchased Assets;

(l) all general, financial, tax, personnel, medical staff records, medical and administrative libraries, patient and medical records, billing and payment records, research records, correspondence, and other documents, files, records, data, plans, proposals, vendor lists, and all other recorded knowledge of Seller relating to the Hospital, whether in written, electronic, visual or other form;

(m) all proprietary manuals, marketing materials, policy and procedure manuals, standard operating procedures, marketing, advertising and promotional brochures, data and studies analyses, and related materials used or held for use in connection with the Hospital;

(n) all telephone numbers, telephone directory listings and internet websites owned by Seller or used or held for use in connection with the Hospital, including without limitation, Seller's websites;

(o) all plans, specifications, "as is" drawings, and other drawings related to any improvements made, or proposed to be made, to the Hospital; and

(p) all other assets of Seller used or useful in the operation of the Hospital as a going concern and all of the goodwill associated therewith.

For the avoidance of doubt, the Purchased Assets include the membership interests of SeroDynamics, and the parties understand and agree that the purchase and sale of the SeroDynamics Facility shall be completed exclusively through the purchase and sale of such membership interests.

2.2 Excluded Assets. Seller shall retain all right, tile and interest in and to the following assets of Seller (collectively, the "**Excluded Assets**"), and no others:

(a) the Retained Cash;

(b) any assets that Buyer elects not to purchase by written notice delivered to Seller prior to the Closing Date;

(c) any of the Assumed Contracts that Buyer elects not to assume by written notice delivered to Seller prior to the Closing Date;

(d) employment contracts between Seller any Seller Employees (other than any employment contracts that are Assumed Contracts);

(e) the Seller Employee Benefit Plans;

(f) equity interests in Affiliates of Seller other than the membership interests of SeroDynamics;

(g) intercompany receivables owing to Seller by an Affiliate of Seller;

(h) tax refunds (other than payroll tax refunds) relating to periods prior to the Closing Date;

(i) parcel tax receipts collected by the County for the benefit of Seller;

(j) claims and causes of action arising under Chapter 5 of the Bankruptcy Code; and

(k) any claims or causes of action listed in **Schedule 2.2(i)** hereto and any other claims or causes of action that Buyer elects not to purchase by written notice delivered to Seller prior to the Closing Date.

2.3 No Liens, Claims or Encumbrances. Except as expressly provided in Section 2.4 hereof, the sale, assignment, transfer and conveyance of the Purchased Assets hereunder shall be made free and clear of all liens, claims (including successor liability claims), charges, security interests, or other interests or encumbrances of any nature, including without limitation, all Seller Liabilities (collectively, "**Liens, Claims and Encumbrances**").

2.4 Assumption of Liabilities. Upon the sale of the Purchased Assets to Buyer on the Closing Date, Buyer shall assume and agree to discharge the following Seller Liabilities and only the following Seller Liabilities (collectively, the "**Assumed Liabilities**"):

(a) obligations of Seller from and after the Closing Date (but only to the extent that such obligations do not arise out of any non-monetary default or breach by Seller) under those Assumed Contracts (and no others) which the Bankruptcy Court has authorized Seller to assume and assign to Buyer (the "**Authorized Assumed Contracts**"); provided, however, that Buyer shall have no obligation or liability under any Assumed Contract that the Bankruptcy Court has authorized Seller to assume and assign to Buyer if such Assumed Contract becomes an Excluded Asset prior to the Closing Date pursuant to Section 2.2(b) hereof;

(b) the purchase money secured liabilities of Seller listed in **Schedule 2.4(b)** hereto, and any other purchase money secured liabilities of Seller that Buyer may agree to assume by written notice delivered to Seller prior to the Closing Date (the "**Assumed Purchase Money Liabilities**");

(c) liabilities of Seller arising after the Petition Date under Ordinary Course Purchase Orders for the Hospital;

(d) accrued but unpaid PTO of Seller Employees hired by Buyer as of the Closing Date;

(e) any sale or transfer taxes in connection with the purchase of the Purchased Assets by Buyer; and

(f) notwithstanding anything herein to the contrary (including Section 2.5 below), all liabilities and obligations related to the SeroDynamics Facility, including any liabilities arising out of Seller's acquisition, operation and ownership of SeroDynamics.

2.5 Excluded Liabilities. Except for the Assumed Liabilities, Buyer shall not assume, be liable for, or be bound by, agree to perform or discharge, indemnify Seller against, or otherwise have any responsibility for, any Seller Liabilities (collectively, the "**Excluded Liabilities**"), including without limitation, any Seller Liabilities arising out of or relating to any of the following:

(a) The Pre-Petition Federal Payroll Tax Liabilities;

(b) the release, discharge or disposal (including the movement of material through or in air, soil, surface or groundwater) of any solid wastes, pollutants or hazardous substances or the handling, storage, use, transportation or disposal of any of the foregoing, as these terms are defined by current federal, state or local law, in or from the Hospital;

(c) the termination of employment at any time prior to, on or after the Closing Date of any Seller Employees; or

(d) any foreign, federal, state or local taxes incurred by Seller at any time prior to, on or after the Closing.

2.6 Prorations. To the extent not otherwise prorated pursuant to this Agreement, Seller and Buyer shall prorate (as of the Effective Time), if applicable, real estate and personal

property taxes, assessments, costs of utilities and other similar charges against real and personal property.

ARTICLE 3
PURCHASE PRICE AND CLOSING

3.1 Purchase Price. The purchase price payable by Buyer for the Purchased Assets (the "**Purchase Price**") shall be an amount comprised of the following and subject to adjustment as follows:

(a) a cash payment at Closing in an amount not to exceed $4,000,000 for (i) payment in full of Seller's liabilities to Cadira Group Holdings, LLC, plus (ii) cure payments under Authorized Assumed Contracts, plus (iii) unpaid fees and expenses of the Chapter 9 Professionals as of the Closing; plus

(b) assumption of the Assumed Purchase Money Liabilities; plus

(c) a cash payment at Closing in the amount of $700,000 (which amount shall be in addition to the amount referenced in 3.1(a) above).

3.2 Payment of Certain Liabilities. Promptly after the Closing Buyer shall pay the following liabilities of Seller:

(a) such amounts as the Bankruptcy Court shall direct in the Authorizing Order in respect of the Authorized Assumed Contracts; and

(b) all sales and transfer taxes in connection with the transactions contemplated by this Agreement.

3.3 Allocation of Purchase Price. Prior to the Closing Seller and Buyer shall mutually agree to allocate the Purchase Price among the Purchased Assets in accordance with applicable rules and regulations. All tax returns and reports filed by Seller and Buyer shall be consistent with such allocation, as shall be final and binding upon them pursuant to this Section 3.4.

3.4 Closing. Subject to the provisions of this Agreement, the closing of the sale of the Purchased Assets to Buyer (the "**Closing**") will take place at 11:00 a.m., local time, on the second Business Day after the conditions set forth in Article 7 and Article 8 of this Agreement have been satisfied (the "**Closing Date**"), at the offices of Brown Rudnick LLP located at 2211 Michelson Drive, Seventh Floor, Irvine, California 92612, or at such other date, time or place as Buyer and Seller shall agree but in no event later than June 30, 2018, time being of the essence. Regardless of the actual time of the Closing on the Closing Date, the Closing shall be deemed effective as of 12:01 a.m. local time on the Closing Date (the "**Effective Time**").

3.5 Termination. Unless otherwise waived by Buyer in writing, this Agreement shall be terminated and abandoned prior to the Closing:

(a) upon execution by Buyer and Seller of a written instrument to such effect;

(b) upon entry of an order of the Bankruptcy Court denying Seller's motion for approval of the transactions contemplated by this Agreement;

(c) if the Authorizing Order has not been entered on or before April 30, 2018;

(d) if the approval of the transactions contemplated in this Agreement in a duly held election by the County of Modoc, California (the "**Voter Approval**") has not occurred on or before June 5, 2018; or

(e) if the Closing has not occurred on or before June 30, 2018.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

4.1 Organization. Seller is a California health care district validly existing and in good standing under the laws of the state of its incorporation or organization.

4.2 Authorization. Subject to Voter Approval, Seller has full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. This Agreement (subject to the entry of an appropriate order or orders of the Bankruptcy Court) constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms.

4.3 Title to Assets. At the Closing, Seller shall transfer the Purchased Assets to Buyer, pursuant to the Authorizing Order, free and clear of all Liens, Claims and Encumbrances.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

5.1 Organization. Buyer is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware. Any Person to whom Buyer assigns this Agreement is duly organized, validly existing and in good standing under the laws of the state of its organization, and is duly qualified to do business and is in good standing in the state of its organization.

5.2 Authorization. Buyer has full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. This Agreement constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms.

ARTICLE 6
COVENANTS

6.1 Bankruptcy Court Authorization. Seller shall file a motion with the Bankruptcy Court to sell the Purchased Assets to Buyer on the terms and conditions set forth in this

Agreement. This Agreement shall become effective upon entry of an order or orders of the Bankruptcy Court (collectively, the "**Authorizing Order**"), which order shall be in form and substance satisfactory to Buyer in its sole discretion:

(a) authorizing and approving Seller's execution and delivery of this Agreement;

(b) authorizing and approving the sale, assignment, transfer and conveyance of the Purchased Assets to Buyer free and clear of all Liens, Claims and Encumbrances;

(c) confirming the Purchase Price as representing the fair market value of the Purchased Assets;

(d) determining the amounts necessary to compensate each of the counterparties to the Assumed Contracts for any unpaid monetary obligations and pecuniary loss liabilities of Seller arising prior to the Closing Date;

(e) authorizing the assumption and assignment to Buyer of each of the Assumed Contracts free and clear of all Liens, Claims and Encumbrances, including all liabilities and obligations of Seller arising out of any breach or default by Seller prior to the Closing Date;

(f) ordering and determining that each of the Assumed Contracts shall be a valid and enforceable contract of Buyer from and after the Closing Date;

(g) following the Closing Date, ordering the Seller to preserve $700,000 of the Purchase Price, plus any Retained Cash to be used in any plan of adjustment proposed or approved in the Bankruptcy Case;

(h) authorizing and approving the consummation of all of the other transactions provided for in this Agreement; and

(i) including findings that Buyer is a purchaser acting in good faith, as such term is used in the Bankruptcy Code.

6.2 Additional Assumed Contracts. In addition to the Assumed Contracts which shall be assumed and assigned to Buyer pursuant to the Authorizing Order, Buyer shall have the right at any time during the Chapter 9 Case, whether prior to or after the Closing, to designate any other contracts or leases of Seller that Buyer desires to assume (the "**Additional Contracts**"). Upon Buyer's designation of any such Additional Contracts, Seller shall promptly file a motion with the Bankruptcy Court for an order of the Bankruptcy Court authorizing and approving the assumption and assignment to Buyer of such Additional Contracts upon the same terms and conditions provided under the Authorizing Order for the assumption and assignment to Buyer of the Assumed Contracts.

6.3 Duty To Confer. Seller shall confer with Buyer concerning, and furnish to Buyer prior to its submission to the Bankruptcy Court, all of the motions and orders contemplated in Section 6.1, Section 6.2 and Section 6.3 hereof, any plan of reorganization or plan of liquidation under chapter 9 of the Bankruptcy Code that provides for the sale of the Purchased Assets to

Buyer, and any disclosure statement or other document that Seller may desire to submit to the Bankruptcy Court in connection with any of the foregoing. All such motions, orders, plans, disclosure statements and other documents comply with the terms and provisions of this Agreement and shall be in form and substance reasonably acceptable to Buyer.

6.4 Access to Information. Prior to the Closing, Seller shall permit Buyer and its representatives to have reasonable access, during regular business hours, to the properties, the employees and the books and records of Seller, and shall furnish to Buyer such financial and operating information with respect to the business and properties of Seller as Buyer shall, from time to time, reasonably request. Buyer shall have the right to engage in reasonable communications with the customers and suppliers of Seller, the parties to licenses and other contracts and agreements with Seller, and the consultants and advisors to Seller.

6.5 Conduct of Business. Prior to the Closing, the Hospital Facility shall be operated only in the ordinary course of business, consistent with current practice. In connection therewith, Seller shall not permit any of the following actions:

(a) the sale, transfer or acquisition by Seller of any assets other than in the ordinary course of business consistent with current practice;

(b) the entry into any contract or lease, or the amendment to any contract or lease, other than purchase and sale orders entered into in the ordinary course of business consistent with current practice;

(c) the increase in the compensation of any employee; or

(d) the payment of any dividend or distribution of equity holders.

ARTICLE 7
CONDITIONS TO OBLIGATIONS OF BUYER

The obligations of Buyer to effect the Closing hereunder are subject to the satisfaction (unless waived by Buyer in writing), at or before the Closing, of each of the following conditions:

7.1 Representations and Warranties True. The representations and warranties of Seller contained in this Agreement shall be true, complete and accurate as of the Closing.

7.2 Performance. Seller shall have performed, fulfilled and complied, in all material respects, with all covenants and agreements required by this Agreement to be performed, fulfilled and complied with by it on or prior to the Closing.

7.3 Bankruptcy Court Order. The Authorizing Order shall have become final and not subject to appeal.

7.4 No Default. The Seller shall not be in default of the DIP Credit Agreement.

7.5 No Proceedings. No order of any court of competent jurisdiction shall have been entered enjoining or restraining the sale of any of the Purchased Assets to Buyer, and no court of competent jurisdiction shall have determined that the acquisition of the Purchased Assets by Buyer constitutes a violation of applicable law or would be in contravention of the rights of any Person.

7.6 Casualty Loss. Neither the Hospital, nor the facilities in which the Hospital is located, shall have suffered any material damage or destruction (whether or not such damage or destruction is covered by insurance) from fire, flood, earthquake or otherwise.

7.7 Instruments of Transfer. Seller shall have delivered to Buyer bills of sale in form and substance reasonably acceptable to Buyer, effective to vest in Buyer good and marketable title to the Purchased Assets free and clear of all Liens, Claims and Encumbrances.

7.8 Regulatory Approval of Transfer.

(a) All applicable regulatory authorities shall have approved the transfer to Buyer of the Licenses and Permits, and Buyer shall have obtained any other Licenses and Permits required for Buyer to operate the Hospital. Without limiting the generality of the foregoing, Buyer shall have been transferred provider numbers and certifications for Medicare and Medicaid so that Buyer can submit invoices to, and receive payments from, such programs from and after the Closing Date with respect to services provided at the Hospital.

(b) Neither Buyer nor Seller shall have received any communication that (i) certification of the Hospital by any Governmental Authority or any Accreditation Body for operation of any of these facilities by Buyer will not be effective as of the Closing Date, or (ii) Buyer may not participate in and receive reimbursement from the use of Seller's Medicare and Medicaid provider numbers.

7.9 Regulatory Corrective Action Obligations. Seller shall have completed any corrective actions requested or required by any Governmental Authority or any Accreditation Body that relate to operations other than SeroDynamics or the SeroDynamics Facility.

ARTICLE 8
CONDITIONS TO OBLIGATIONS OF SELLER

The obligations of Seller to effect the Closing hereunder are subject to the satisfaction, at or before the Closing, of each of the following conditions:

8.1 Representations and Warranties True. The representations and warranties of Buyer contained in this Agreement shall be true, complete and accurate as of the Closing.

8.2 Performance. Buyer shall have performed, fulfilled and complied, in all material respects, with all covenants and agreements required by this Agreement to be performed, fulfilled and complied with by it on or prior to the Closing.

8.3 Bankruptcy Court Order. The Authorizing Order shall have become final and not subject to appeal; provided, however, if Buyer has waived the condition set forth in Section 7.3 hereof, Seller shall be deemed also to have waived the condition set forth in this Section 8.3.

8.4 No Proceedings. No order of any court of competent jurisdiction shall have been entered enjoining or restraining the sale of any of the Purchased Assets to Buyer, and no court of competent jurisdiction shall have determined that the acquisition of the Purchased Assets by Buyer constitutes a violation of applicable law or would be in contravention of the rights of any Person.

8.5 Delivery of Consideration. Buyer shall have delivered the cash portions of the Purchase Price to Seller.

ARTICLE 9
POST-CLOSING COVENANTS

9.1 Further Assurances and Cooperation. After the Closing, each of Seller and Buyer shall execute, acknowledge and deliver to the other any and all other assignments, consents, approvals, conveyances, assurances, documents and instruments reasonably requested by the other at any time, and shall take any and all other actions reasonably requested by the other at any time for the purpose of more effectively assigning, transferring, granting, conveying and confirming to Buyer the Purchased Assets, and as may be necessary to fully consummate the transactions contemplated by this Agreement and to fully perform the obligations of the parties hereunder. After the consummation of the transactions contemplated by this Agreement, the parties agree to cooperate with each other and to take such further actions as may be necessary or appropriate to effectuate, carry out and comply with all of the terms of this Agreement, the documents referred to in this Agreement and the transactions contemplated hereby.

9.2 Post-Closing Access by Seller. After the Closing, Buyer shall permit Seller and its representatives to have reasonable access, during regular business hours, to the financial, corporate and other books and records relating to the operation of the Seller's businesses prior to the Closing Date to the extent reasonably necessary for administration of the Chapter 9 Case and the resolution of claims asserted against Seller in the Chapter 9 Case.

9.3 Emergency Services. After the Closing Buyer shall cause the Hospital to continue to offer emergency services with at least the same capabilities and service levels as offered to the community prior to the commencement of the Chapter 9 Case.

ARTICLE 10
MISCELLANEOUS

10.1 Notices. All notices, requests, consents, demands and other communications hereunder shall be in writing (including a writing delivered by facsimile transmission) and shall be deemed to have been duly given (i) when delivered, if sent by registered or certified mail (return receipt requested), (ii) when delivered, if delivered personally or by facsimile, or (iii) on the following business day, if sent by United States Express Mail or overnight courier, in each

case to the parties at the following addresses (or at such other addresses as shall be specified by like notice):

If to Seller to:

Surprise Valley Health Care District
7741 North Main Street
Cedarville, California 94104
Attention: Jennifer Hanor
Telephone: (530) 279-6111 ext. 1225
Facsimile: _____

with a copy to:

Brown Rudnick LLP
2211 Michelson Drive, Seventh Floor
Irvine, California 92612
Attention: Cathrine M. Castaldi, Esq.
Telephone: (949) 752-0251
Facsimile: (949) 252-1514

If to Buyer to:

Cadira Group Holdings, LLC
4789 Tejon Street, Suite 100
Denver, Colorado 80211
Attention: Beau Gertz
Telephone: _____
Facsimile: _____

with a copy to:

Paul Epner, Esq.
17705 Jessie James Lane
Ramona, California 92065
Telephone: (858) 382-3610

and

Dentons (US) LLP
1221 McKinney Street, Suite 1900
Houston, Texas 77010
Attention: Edward T. Laborde, Jr., Esq.
Telephone: (713) 658-4641
Facsimile: (713) 739-0834

10.2 Expenses. Each party to this Agreement shall pay its own expenses in connection with the preparation of this Agreement and the consummation of the transactions contemplated hereby, including the fees of any attorneys, accountants, financial advisors, investment bankers or other professionals engaged by such party.

10.3 Entire Agreement. This Agreement contains the entire agreement between the parties and supersedes all prior agreements, arrangements and understandings relating to the subject matter hereof. There are no written or oral agreements, understandings, representations, or warranties between the parties other than those set forth in this Agreement.

10.4 Amendment. This Agreement may not be modified, amended, altered or supplemented except by a written agreement executed by all of the parties hereto.

10.5 Waiver. Waiver by any party of any breach or failure to comply with any provision of this Agreement by any other party shall not be construed as, or constitute, a continuing waiver of such provision, or a waiver of any other breach of, or failure to comply with, any other provision of this Agreement. No waiver of any such breach or failure or of any term or condition of this Agreement shall be effective unless in a written notice signed by the waiving party and delivered, in the manner required for notices generally, to each affected party.

10.6 Severability. In case any provision of this Agreement shall be found by a court of competent jurisdiction to be invalid, illegal or unenforceable, such provision shall be construed and enforced as if it had been narrowly drawn so as not to be invalid illegal or unenforceable, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

10.7 Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and their respective permitted successors and assigns. Seller may not assign, delegate or otherwise transfer its rights or duties hereunder without the prior written consent of Buyer. Buyer may assign its rights and duties hereunder to any third party in its sole discretion.

10.8 Headings. The descriptive headings of sections and subsections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement.

10.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without reference to the choice of law principles thereof.

10.10 Jurisdiction. During the pendency of the Chapter 9 Case, the Bankruptcy Court shall have sole and exclusive jurisdiction over the parties hereto with respect to any dispute or controversy between them which arises under or in connection with this Agreement.

10.11 Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered by facsimile or electronic scan and upon such delivery the facsimile or electronic scan signature

shall be deemed to have the same effect as if the original signature had been delivered to the other parties.

IN WITNESS WHEREOF, this Agreement has been entered into as of the day and year first above written.

BUYER

CADIRA GROUP HOLDINGS, LLC,
a Delaware limited liability company

By: _____
Name: BEAU BRITT
Title: MANAGER

SELLER

SURPRISE VALLEY HEALTH CARE DISTRICT,
a California health care district

By: _____
Name: Jennifer Hanor
Title: Chief Executive Officer

Schedule 2.1(d)

MOTOR VEHICLES

Number	VIN	Effective Date	Cancellation Date	Year/Make/Model	Vehicle Type
1	1FDWE30F7WHB42773	7/1/16	ACTIVE	1998 Ford Ambulance *	AB
2	1FDWE35F03HB39833	7/1/16	ACTIVE	2003 Ford Ambulance *	AB
3	1FTSS34L6XHA70459	7/1/16	ACTIVE	1999 Ford Van E-150 *	PT

Schedule 2.1(e)

ASSUMED CONTRACTS

Surprise Valley Health Care District is a party to the following assumed contracts/leases:

Counterparty	Execution Date	Expiration Date
Eagle Security	Apr. 29, 2013	Apr. 29, 2019
Frontier	Dec. 05, 2013	Dec. 05, 2018
Allsco	Jul. 08, 2014	Jul. 08, 2019
Dr. Gary Haffner	Feb. 23, 2015	20 Days' Notice
Dell	May 01, 2016	May 01, 2019
Dr. Robert James	Nov. 16, 2016	30 Days' Notice
NOR-CAL EMS	Nov. 22, 2016	30 Days' Notice
Canon	Feb. 28, 2017	Feb. 28, 2021
Connecting to Care	Jun. 26, 2017	Jun. 30, 2018
Bill Browning	Jul. 05, 2017	30 Days' Notice
Shelly Bailey	Jul. 18, 2017	30 Days' Notice
Jennifer Hanor	Aug. 04, 2017	60 Days' Notice
Dr. Valerie Dickerson	Aug. 16, 2017	30 Days' Notice
Ortho Clinical Diagnostics	Sep. 07, 2017	Sep. 07, 2022
Dr. George Kibler	Oct. 11, 2017	30 Days' Notice
Kristen Clements	Oct. 11, 2017	30 Days' Notice
Owens	Dec. 18, 2017	Dec. 18, 2018
Payor arrangements with the State of California		
Payor arrangements with Medicare/Medical		

Schedule 2.1(g)

LICENSES AND PERMITS

Schedule 2.1(h)

TRADEMARKS

None.

Schedule 2.2(k)

CLAIMS AND CAUSES OF ACTION

Claims and causes of actions maintained or taken pursuant to, inter alia, Sections 542, 545, 547, 548, 549, 550, 552 and 553 of the Bankruptcy Code and arising out of or related to the Chapter 9 Case.

Schedule 2.4(b)

ASSUMED PURCHASE MONEY LIABILITIES

None.

EXHIBIT "F"

BROWN RUDNICK LLP
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Attorneys for SURPRISE VALLEY HEALTH CARE DISTRICT

UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

In re: SURPRISE VALLEY HEALTH CARE DISTRICT Debtor.	CASE NO. 18-20070 Chapter 9 DCN: SVH-8 DATE: March 12, 2018 TIME: 9:00 a.m. CTRM: 32 Judge: Hon. Christopher D. Jaime

INTERIM ORDER (I) GRANTING SENIOR SECURED STATUS TO THE DEBTOR'S POSTPETITION LENDER; (II) AUTHORIZING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS FOR THE POSTPETITION LENDER; (III) FINDING THAT PREPETITION LIENHOLDERS ARE ADEQUATELY PROTECTED; (IV) MODIFYING THE AUTOMATIC STAY; (V) SCHEDULING A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001;AND (VI) GRANTING RELATED RELIEF

Upon the motion (the "Motion")[1] dated March 5, 2018 [Docket No. 44], of Surprise Valley Healthcare District, as Debtor (the "Debtor"), pursuant to sections 105, 361, 362, and 364 of Title 11 of the United States Code (the "Bankruptcy Code") and in accordance with Rule 4001 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 4001-2 of the Local Bankruptcy Rules for the Eastern District of California (the "Local Rules"), in the above captioned chapter 9 case (the "Chapter 9 Case"), for entry of an Interim Order (this "Interim Order"), granting the following relief on an interim basis:

(1) Interim Priming Lien and Superpriority Status – Granting Cadira Group Holdings, LLC (the "Lender"): (i) a first priority, priming, valid, perfected, and enforceable Lien (as defined below), subject only to the Carve Out (as defined below), on substantially all of the Debtor's real and personal property as provided in and as contemplated by this Interim Order and the *Superpriority Senior Secured Credit Agreement* (as may be amended, modified, or supplemented, the "Credit Agreement"), substantially in the form attached here to as **Exhibit 1**; and (ii) a superpriority administrative claim status in respect of all obligations under the Credit Agreement (collectively, the "Obligations"), subject to the Carve Out as provided herein.

(2) Modifying the Automatic Stay – Modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of the Credit Agreement and this Interim Order;

(3) Adequate Protection – Finding that the Prepetition Secured Creditors[2] are adequately protected as described in this Interim Order, to the extent of any diminution in the value of the Prepetition Secured Creditors' interests in the Collateral, for the granting of the Lien to the Lender and for the imposition of the automatic stay;

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[1] Capitalized terms used in this Interim Order but not defined herein shall have the meanings ascribed to such terms in the Credit Agreement (as defined below).

[2] Prepetition secured creditors have been identified as: 1) the United States of America, assessed by the Internal Revenue Service, holding four federal tax liens; 2) Medliant, a Nevada corporation holding a judgment lien; and 3) Gary L. Odgers and Ann Wylie Odgers, Trustees of The Odgers Family Trust, holding a purchase money deed of trust and assignment of rents (collectively, the "Prepetition Secured Creditors").

(4) **Final Hearing** – Scheduling a final hearing (the "Final Hearing") to consider entry of an order (the "Final Order") granting the relief requested in the Motion on a final basis and approve the form of notice with respect to the Final Hearing;

and upon consideration of the Declaration of Jennifer Hanor[3] in support of the Motion and filed contemporaneously therewith (the "Hanor Declaration"), and the Court having reviewed the Motion and held a hearing with respect to the Motion on March 12, 2018 (the "Interim Hearing"); upon the Motion, the Hanor Declaration, and the record of the Interim Hearing and there being no objections to the entry of this Interim Order; and after due deliberation and consideration, and for good and sufficient cause appearing therefor:

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:

I. Procedural Findings of Fact.

A. Petition Date. On January 4, 2018 (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 9 of the Bankruptcy Code with the United States Bankruptcy Court for the Eastern District of California (the "Court").

B. Jurisdiction and Venue. This Court has jurisdiction over the Chapter 9 Case and the Motion, and over the parties and property affected hereby, pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue for the Chapter 9 Case and proceedings on the Motion is proper in this district pursuant to 28 U.S.C. §§1408 and 1409. Consideration of the Motion constitutes a core proceeding under 28 U.S.C. § 157(b)(2).

C. Committee Formation. No official committee (the "Committee") of unsecured creditors, equity interest holders, or other parties in interests has been appointed in the Chapter 9 Case.

D. Notice. Notice of the Interim Hearing has been given pursuant to the authorization of Bankruptcy Rule 2002, 4001(b), (c), and (d) and Rule 9014, and the Local Rules. Notice of the

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[3] *See Declaration of Jennifer R. Hanor in Support of Debtor's Motion ForAn Order (I) Granting Senior Secured Status To The Debtor's Postpetition Lender, (II) Authorizing Superpriority Administrative Expense Status For The Postpetition Lender; (III) Finding That Prepetition Lienholders Are Adequately Protected; (IV) Modifying The Automatic Stay; And (V) Granting Related Relief* [Docket No. 45].

Interim Hearing and the emergency relief requested in the Motion has been provided by the Debtor, to: (i) the Office of the United States Trustee for the Eastern District of California; (ii) the parties included on the Debtor's list of creditors holding the twenty (20) largest unsecured claims; (iii) counsel to Cadira Group Holdings, LLC, as Lender; (iv) the Prepetition Secured Creditors; and (v) all parties requesting notice pursuant to Bankruptcy Rule 2002. Under the circumstances, such notice of the Interim Hearing and the relief requested in the Motion is due, proper, and sufficient notice and complies with Bankruptcy Rules 2002 and 4001 and Local Rule 4001-2.

II. Findings Regarding the Postpetition Financing.

A. Need for Postpetition Financing. The relief requested in the Motion is necessary, essential and appropriate for the continued operation of the Debtors' business and the management and preservation of the Debtor's estate. The Debtor has an immediate need to obtain Financing, to, among other purposes, permit the orderly continuation of the operation of its business, maintain business relationships with vendors, suppliers and customers, make payrolls, pursue an orderly sale process, and otherwise administer the Chapter 9 Case. The ability of the Debtor to finance its operations, preserve and maintain the value of the Debtor's assets, and maximize a return for all creditors requires the availability of working capital from the Facility, the absence of which would immediately and irreparably harm the Debtor, its estate, its creditors, its employees and patients, and the possibility for a successful reorganization or sale of the Debtor's assets.

B. No Credit Available on More Favorable Terms. The Debtor has been unable to obtain any of the following:

(1) unsecured credit allowable under Bankruptcy Code Section 503(b)(1) as an administrative expense;

(2) credit for money borrowed with priority over any or all administrative expenses of the kind specified in Bankruptcy Code Sections 503(b) or 507(b);

(3) credit for money borrowed secured solely by a Lien on property of the estate that is not otherwise subject to a Lien; or

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(4) credit for money borrowed secured by a junior Lien on property of the estate which is subject to a Lien, in each case, on more favorable term s and conditions than those provided in the Credit Agreement and this Interim Order.

The Debtor is unable to obtain credit for borrowed money without granting to the Lender the Protections (as defined below).

C. Adequate Protection for Prepetition Secured Creditors. Notwithstanding the grant of the Lien, subordination to the Carve Out, and the imposition of the automatic stay, the Prepetition Secured Creditors are adequately protected pursuant to sections 361, 362, and 364 of the Bankruptcy Code for any decrease in the value of their interest in the Collateral resulting from the automatic stay. Under the circumstances, the Adequate Protection (as defined below) described in Section III of this Interim Order is reasonable and sufficient to protect the interests of the Prepetition Secured Creditors[4] in the Collateral in accordance with sections 361, 362, and 364 of the Bankruptcy Code.

D. Adequacy of the Budget. The Budget, attached hereto as **Exhibit 2** is adequate, considering all of the Debtor's available assets, to pay the administrative expenses due and accruing during the period covered by this Interim Order.

E. Relief Essential; Best Interest. The relief requested in the Motion (and as provided in this Interim Order) is necessary, essential, and appropriate for the continued operation of the Debtor's business and the management and preservation of the Debtor's assets and personal property. It is in the best interest of Debtor's estate that the Debtor be allowed to establish the Facility contemplated by the Credit Agreement. The Debtor has demonstrated good and sufficient cause for the relief granted herein.

NOW, THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

The Motion is granted in accordance with the terms and conditions set forth in this Interim Order and the Credit Agreement.

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[4] The alleged existing secured creditors as of the petition date are: (i) the United States of America, assessed by the District Director of Internal Revenue; (iii) Medliant, a Nevada Corporation; and (ii) The Odgers Family Trust (collectively, the "Prepetition Secured Creditors"). Referring to the Prepetition Secured Creditors in this way is not a determination by the Court that these parties, in fact, have valid, enforceable prepetition security interests in the Debtor's assets; the Debtor has reserved all rights with regard to those issues.

I. Financing.

A. The Lien.

Effective immediately upon the entry of this Interim Order, the Lender is hereby granted, pursuant to sections 361, 362, 364(c), and 364(d) of the Bankruptcy Code, priming first priority, continuing, valid, binding, enforceable, non - avoidable, and automatically perfected postpetition security interests and Liens (collectively, the "Lien") senior and superior in priority to all other secured and unsecured creditors of the Debtor's estate, subject to the Carve Out, upon and to all of the following (collectively, the "Collateral"):

(a) The Collateral, as defined in the Credit Agreement, including:

(i) Accounts, including accounts receivable;

(ii) Cash and cash collateral as defined in Section 363(a) of the Bankruptcy Code;

(iii) Inventory;

(iv) General Intangibles;

(v) Intellectual Property;

(vi) Investment Property

(vii) Documents of Title;

(viii) Other Collateral;

(ix) Equipment;

(x) Real Estate and Real Estate Leases (including security deposits);

(xi) the Pre-Petition Collateral;

(xii) all present and future claims, rights, interests, assets and properties recovered by or on behalf of the Debtor or any trustee of the Debtor, but excluding property recovered as a result of transfers or obligations avoided or actions maintained or taken pursuant to, *inter alia*, Sections 542, 545, 547, 548, 549, 550, 552 and 553 of the Bankruptcy Code, subject to the terms of any applicable order of the Bankruptcy Court; and

(xiii) all products and proceeds of the foregoing, including all additions, attachments, substitutions, replacements, accessions and accessories, and all insurance policies and Insurance Proceeds relating in whole or part to the foregoing;

B. Lien Priority.

The Lien to be created and granted to the Lender, as provided herein, are:

(a) created pursuant to sections 364(c), 364(c)(3), and 364(d) of the Bankruptcy Code,

(b) first, valid, prior, perfected, unavoidable, and superior to any security, mortgage, or collateral interest or Lien or claim to the Collateral, and

(c) subject only to the Carve Out.

The Lien shall secure all Obligations and the proceeds of the Collateral shall be applied in the same order and priority set forth in the Credit Agreement. Upon entry of the Final Order, the Lien shall not be made subject to or *pari passu* with any lien or security interest by any court order heretofore or hereafter entered in the Chapter 9 Case. The Lien shall not be subject to sections 510, 549, 550, or 551 of the Bankruptcy Code or the assertion by the Debtor of the "equities of the case" exception of section 552 of the Bankruptcy Code (provided that the foregoing waiver by the Debtor shall not preclude any other party in interest from asserting the "equities of the case" exception under section 552(h) of the Bankruptcy Code), and, upon entry of the Final Order, shall not be subject to section 506(c) of the Bankruptcy Code.

C. Enforceable Obligations.

The Credit Agreement shall constitute and evidence the valid and binding obligations of the Debtor, and shall be enforceable against the Debtor, its estate, and any successors thereto, and their creditors in accordance with their terms.

D. Superpriority Administrative Claim Status.

Subject to the Carve Out, all Obligations shall be an allowed superpriority administrative expense claim (the "Superpriority Claim" and, together with the Lien, collectively, the "Protections") with priority in the Chapter 9 Case under sections 364(c)(l), 503(b), and 507(b) of

the Bankruptcy Code and otherwise over all administrative expense claims and unsecured claims against the Debtor and its estate, now existing or hereafter arising, of any kind or nature whatsoever, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy, or attachment.

Other than the Carve Out, subject to entry of the Final Order, no costs or expenses of administration, including, without limitation, professional fees allowed and payable under sections 328, 330, and 331 of the Bankruptcy Code, or otherwise, that have been or may be incurred in the Chapter 9 Case and no priority claims are, or will be, senior to, prior to, or on a parity with the Protections or the Obligations, or with any other claims of the Lender arising hereunder.

II. Postpetition Lien Perfection.

This Interim Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of the Lien without the necessity of filing or recording any financing statement, deed of trust, mortgage, security agreement, notice of Lien, or other instrument or document which may otherwise be required under the law of any jurisdiction or the taking of any other action (including, for the avoidance of doubt, entering into any deposit account control agreement or securities account control agreement) to validate or perfect the Lien or to entitle the Lien to the priority granted herein.

Notwithstanding the foregoing, the Lender may, in its/their discretion, file such financing statements, deeds of trust, mortgages, security agreements, notices of Liens, and other similar instruments and documents with respect to the Lien, respectively, and each is hereby granted relief from the automatic stay of section 362 of the Bankruptcy Code in order to do so, and all such financing statements, deeds of trust, mortgages, security agreements, notices of Liens, and other similar instruments and documents shall be deemed to have been filed or recorded at the time and on the date of the commencement of the Chapter 9 Case.

The Lender shall, in addition to the rights granted to it under the Financing Agreements, be deemed to be an additional covered "secured party" (or any other similar or other term of similar meaning, import or effect) under and with respect to all third party notifications in connection with the Prepetition Liens, all Prepetition Collateral agreements, and all other agreements with third

parties (including any agreement with a credit card processor) relating to, or waiving claims against, any Collateral, including, without limitation, each collateral access agreement duly executed and delivered by any landlord, warehouseman, and/or bailee of the Debtor, and including, for the avoidance of doubt, all deposit account control agreements, securities account control agreements, and credit card processing agreements (all such agreements being collectively defined herein as the "Prepetition Third Party Agreements"). So long as any portion of the Obligations shall remain unpaid and outstanding, the Prepetition Secured Creditors shall (i) not take any action under any Prepetition Third Party Agreement without the prior written consent of the Lender (provided that, the foregoing restriction notwithstanding, the Prepetition Lender shall be permitted to inspect and view the Collateral in accordance with the applicable terms of any such Prepetition Third Party Agreement(s)), and (ii) the Prepetition Secured Creditors shall take direction from and perform all actions reasonably requested by the Lender from time to time arising under, in connection with, or with respect to any such Prepetition Third Party Agreements, and the Prepetition Secured Creditors shall cooperate with and not interfere with the Lender's rights hereunder with respect to such Prepetition Third Party Agreements and any collateral covered thereby.

In addition to and in furtherance of any other rights granted to the Lender under the Financing Agreements:

(a) Any and all rights of distraint, levy, and execution which a landlord, warehouseman, bailee, or other third party may now or hereafter have against the Collateral; (ii) any and all statutory liens, security interests, or other liens which a landlord, warehouseman, bailee, or other third party may now or hereafter have in the Collateral; and (c) any and all other interests or claims of every nature whatsoever which a landlord, warehouseman, bailee, or other third party may now or hereafter have in or against the Collateral for any rent, storage charges, or other sums due, or to become due, to such landlord, warehouseman, bailee, or other third party by the Debtor, shall be and the same hereby is deemed to be junior and subordinate to the rights of the Lender in and to the Collateral;

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(b) No landlord, warehouseman, bailee, or other third party may exercise any of such party's rights, remedies, powers, privileges, or discretions with respect to the Collateral, or such party's liens or security interests in the Collateral, unless and until said party receives written notice from an officer of the Lender that the Debtor's obligations to the Lender have been paid in full, and that the commitment of the Lender to make loans or furnish other financial accommodations to the Debtor and any affiliates has been terminated; and

(c) In the event of the exercise by the Lender of its rights upon default with respect to the Collateral, the Lender shall have a reasonable time, but in no event later than the date that is one hundred eighty (180) days from the date of delivery of notice to the Debtor of such default in which to repossess and/or dispose of the Collateral from the premises. In those circumstances, and subject to the Lender's compliance with the provisions below, the affected landlord, warehouseman, bailee, or other third party shall be required, upon reasonable prior written notice from the Lender, (a) cooperate with the Lender in gaining access to the subject premises for the purpose of repossessing said Collateral and (b) if requested by the Lender, permit the Lender, or its agents or nominees, to dispose of the Collateral on the demised premises in a manner reasonably designed to minimize any interference with any of the landlord's, warehouseman's, bailee's, or other third party's other tenants at the subject premises. The Lender shall promptly repair, at the Lender's sole cost and expense (subject to any reimbursement and/or indemnification rights as may exist under the Financing Agreements), any physical damage to the premises actually caused by the Lender (or its agents or nominees), but shall not be liable for any diminution in value of the premises caused by the removal or absence of the Collateral.

This Interim Order shall constitute an order and direction by the Court to any bank, financial institution, or other counter-party to any Prepetition Third Party Agreement that is a deposit account control agreement, securities account control agreements, credit card processing agreement, or similar agreement that this Interim Order shall serve to impose Lender's "control" over any deposit or other bank account, any securities account, or any credit card processing account of the Debtor with any such institution, and further that so long as any portion of the Obligations shall remain outstanding and unpaid, any such affected institution, upon receipt of a

copy of this Interim Order, shall comply with the instructions provided by the Lender concerning any such account(s), including, without limitation, the disposition of any sums or assets held in such account(s) without further action or direction by the Debtor.

The automatic stay imposed under section 362(a) of the Bankruptcy Code is hereby modified pursuant to the terms of the Credit Agreement and this Interim Order as necessary to:

(a) permit the Debtor to grant the Lien and to incur all liabilities and obligations to the Lender under the Credit Agreement, the Facility, and this Interim Order, and

(b) authorize the Lender to retain and apply payments hereunder as provided by the Credit Agreement and this Interim Order.

Upon the occurrence of an event of default pursuant to the Credit Agreement, the Lender shall provide written notice thereof (the "Notice of Default") to the Debtor specifying in reasonable detail the effective date of the default, and a description, nature, and scope of the default. Upon the receipt of the Notice of Default, the Debtor shall have ten (10) days (the "Default Notice Period") to contest the Notice of Default in writing or otherwise cure the default identified therein. In the event that the Debtor fails to contest the Notice of Default within the Default Notice Period, the Lender may submit a declaration that the Debtor does not dispute the Notice of Default, along with a proposed order granting relief from the automatic stay to exercise any remedies permitted by law. In the event the Debtor contests the Notice of Default, or fails to cure the default to the satisfaction of the Lender, in its sole discretion, the Lender will file a motion seeking Court authority to exercise its remedies under the Credit Agreement, which motion shall be heard on an emergency basis.

III. Adequate Protection.

As adequate protection against any diminution in value of the Prepetition Secured Creditors' interests in the Collateral, the Debtor shall use the proceeds from the Loan to continue operating the Debtor's business, thereby preserving the value of the Collateral, and to effectuate a sale of substantially all of the Debtor's assets that is expected to generate sufficient proceeds to fully repay obligations owed to the Prepetition Secured Creditors (the "Adequate Protection").

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IV. Carve Out and Payment of Professionals.

The Lien and the Superpriority Claim are subordinate only to the following (collectively, the "Carve Out"):

(a) allowed administrative expenses pursuant to 28 U.S.C. § 1930(a)(6) for fees required to be paid to the Clerk of the Court and to the Office of the United States Trustee (collectively, the "U.S. Trustee Fees"); and

(b) professional fees and costs and expenses incurred by, professionals or professional firms retained by the Debtor (collectively, the "Case Professionals"), not exceeding $655,000 as set forth in the Credit Agreement.

Notwithstanding anything to the contrary contained herein, the Debtor shall be permitted to pay compensation and reimbursement of expenses allowed and payable under 11 U.S.C. §§ 328, 330 and 331, as the same may be due and payable and allowed by the Court, shall in all instances be limited by, and not exceed, the Carve Out. In addition, the amount of the Carve Out shall automatically reduce dollar-for-dollar by the amount of compensation allowed and paid during the Chapter 9 Case. Nothing contained herein shall limit payment of compensation and reimbursement of expenses allowed and payable under 11 U.S.C. §§ 328, 330 and 331, as the same may be due and payable and allowed by the Court even if they exceed the amounts contained in the Budget, out of funds other than the Carve Out, after the Obligations have been paid in full to the Lender.

V. Certain Limiting Provisions.

A. Section 506(c) Claims and Waiver.

Nothing contained in this Interim Order shall be deemed consent by the Lender to any charge, Lien, assessment, or claim against the Collateral or the Lien under section 506(c) of the Bankruptcy Code or otherwise; *provided, however,* that during the Interim Period there shall be no waiver of section 506(c) of the Bankruptcy Code.

As a further condition of the Facility and any obligation of the Lender to make credit extensions pursuant to the Credit Agreement, upon entry of the Final Order, the Debtor shall be deemed to have waived any rights or benefits of section 506(c) of the Bankruptcy Code as against the Lender and/or the Collateral, as applicable, or any other assets that serve as collateral for the Obligations.

VI. Other Rights and Obligations.

A. Good Faith Under Section 364(e) of the Bankruptcy Code. No Modification Or Stay Of This Interim Order.

The Credit Agreement has been the subject of extensive negotiations conducted in good faith and at arm's length between the Debtor and the Lender. The Lender is not an insider within the meaning of section 101(31) of the Bankruptcy Code. Based on the findings set forth in this Interim Order and in accordance with section 364(e) of the Bankruptcy Code which is applicable to the Facility contemplated by this Interim Order, in the event any or all of the provisions of this Interim Order are hereafter modified, amended, or vacated by a subsequent order of this or any other court, the Lender is entitled to the protections provided in section 364(e) of the Bankruptcy Code and, no such appeal, modification, amendment, or vacation shall affect the validity and enforceability of any advances made hereunder or the Lien or priority authorized or created hereby.

Notwithstanding any such modification, amendment, or vacation, any claim granted to the Lender hereunder arising prior to the effective date of such modification, amendment, or vacation of any Protections granted to the Lender shall be governed in all respects by the original provisions of this Interim Order, and the Lender shall be entitled to all of the rights, remedies, privileges, and benefits, including the Protections with respect to any such claim. Since the loans made pursuant to the Facility are made in reliance on this Interim Order, the obligations owed the Lender shall not, as a result of any subsequent order in the Chapter 9 Case, be subordinated, lose their Lien priority or superpriority administrative expense claim status, or be deprived of the benefit of the status of the Liens and claims granted to the Lender under this Interim Order and/or the Credit Agreement.

B. Lender Expenses.

As provided in the Credit Agreement, and notwithstanding any line item estimates appearing in the Budget, reasonable out-of-pocket costs and expenses of the Lender, not to exceed $25,000.00, in connection with the creation of the Credit Agreement, will be paid by the Debtor, whether or not the transactions contemplated hereby are consummated. Payment of such fees shall

not be subject to allowance by the Court. The Lender shall provide copies of any reasonably detailed invoice (redacted as may be appropriate) received by it to the Debtor and the Office of the United States Trustee (hereinafter "Lender Expense Notice Parties"). Any Lender Expense Notice Party shall have ten (10) days after submission of such invoice by the Lender to assert an objection to payment of the amounts sought in the subject invoice. Provided no objection has been raised by any such Lender Expense Notice Party(ies) within the time period provided for herein, the Lender shall be authorized without further order of the Court to pay such invoice by making an advance in like amount under the Facility Agreements. In the event a Lender Expense Notice Party(ies) asserts an object ion has within the time period provided for herein, the Lender shall be authorized without further order of the Court to pay the undisputed portion of such invoice by making an advance in like amount under the Credit Agreement, and any dispute with regard to amounts objected to shall be resolved by the Court; *provided, however*, the Debtor may seek a determination by the Court whether such fees and expenses are reasonable.

C. Binding Effect.

The provisions of this Interim Order shall be binding upon and inure to the benefit of the Lender, the Debtor, and their respective successors and assigns.

D. No Third Party Rights.

Except as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any third party, creditor, equity holder, or any direct, indirect, or incidental beneficiary.

E. No Marshaling.

The Lender shall not be subject to the equitable doctrine of "marshaling" or any other similar doctrine with respect to any of the Collateral, as applicable; *provided, however,* that during the Interim Period the Lender shall be subject to the equitable doctrine of "marshaling" or any other similar doctrine with respect to any of the Collateral.

F. Amendments.

The Debtor and the Lender may amend, modify, supplement, or waive any provision of the Credit Agreement without further approval of the Court unless such amendment, modification,

supplement, or waiver (i) increases the interest rate (other than as a result of the imposition of the Default Rate), (ii) increases the Commitments, or (iii) changes the maturity date of the Facility, in which event, each such waiver, modification, or amendment shall not be effective unless set forth in writing, signed by on behalf of the Debtor and the Lender (after having obtained the approval of the Lender as provided in the Credit Agreement) and approved by the Court.

G. Survival of Interim Order.

The provisions of this Interim Order and any actions taken pursuant hereto shall survive entry of any order which may be entered:

(a) confirming any Plan in the Chapter 9 Case,

(b) to the extent authorized by applicable law, dismissing the Chapter 9 Case,

(c) withdrawing of the reference of the Chapter 9 Case from this Court, or

(d) providing for abstention from handling or retaining of jurisdiction of the Chapter 9 Case in this Court.

The terms and provisions of this Interim Order including the Protections granted pursuant to this Interim Order and the Credit Agreement shall continue in full force and effect notwithstanding the entry of such order, and such Protections shall maintain their priority as provided by this Interim Order until all of the Obligations of the Debtor to the Lender pursuant to the Credit Agreement have been paid in full and discharged.

H. Inconsistency.

In the event of any inconsistency between the terms and conditions of the Credit Agreements and of this Interim Order, the provisions of this Interim Order shall govern and control.

I. Enforceability.

This Interim Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and shall take effect and be fully enforceable *nunc pro tunc* to the Petition Date immediately upon execution hereof.

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J. Objections Overruled.

All objections to the Motion to the extent not withdrawn or resolved, are hereby overruled.

K. Waiver of Any Applicable Stay.

Any applicable stay (including, without limitation, under Bankruptcy Rule 6004(h)) is hereby waived and shall not apply to this Interim Order.

L. Proofs of Claim.

The Lender will not be required to file proofs of claim in the Chapter 9 Case.

M. Headings.

The headings in this Order are for purposes of reference only and shall not limit or otherwise affect the meaning of this Order.

N. Retention of Jurisdiction.

The Court has and will retain jurisdiction to enforce this Interim Order according to its terms.

VII. Final Hearing.

The Final Hearing on the Motion shall be heard before **this Court on April 2, 2018 at 9:30 a.m. (Pacific Daylight Time).**

Any party in interest objecting to the relief sought in the Final Order shall submit any such objection in writing and file same with the Court (with a courtesy copy to chambers) and serve such objection no later than March 22, 2018 on the following parties: (a) the Debtor, (b) the Counsel for the Debtor, (c) Prepetition Secured Creditors, (d) Counsel for the Prepetition Secured Creditors, (e) the Lender, (f) counsel to the Lender, and (g) the Office of the United States Trustee.

Replies to such objections, if any, shall be submitted no later than March 29, 2018.

Dated: March 15, 2018

Christopher D. Jaime, Judge
United States Bankruptcy Court

EXHIBIT "1"

SUPERPRIORITY SENIOR SECURED CREDIT AGREEMENT

CADIRA GROUP HOLDINGS, LLC
(as Lender and Secured Party)

and

SURPRISE VALLEY HEALTH CARE DISTRICT

Dated: February 26, 2018

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SUPERPRIORITY SENIOR SECURED CREDIT AGREEMENT

SUPERPRIORITY SENIOR SECURED CREDIT AGREEMENT, dated as of February 26, 2018 (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), by and among **CADIRA GROUP HOLDINGS, LLC**, a Delaware, limited liability company, in its capacity as a Lender hereunder ("**Lender**" or "**Secured Party**"), and **SURPRISE VALLEY HEALTH CARE DISTRICT**, a California health care district (the "**Debtor**").

BACKGROUND

A. On January 4, 2018 (the "**Petition Date**"), the Debtor filed a voluntary case under Chapter 9 of the Bankruptcy Code pending in the United States Bankruptcy Court for the Eastern District of California, Case No. 18-20070 (the "**Chapter 9 Case**"), and the Debtor has retained possession of its assets and is authorized under the Bankruptcy Code to continue the operation of its business.

B. In connection with the Chapter 9 Case, the Debtor has requested that the Lender provide it with a senior secured superpriority term loan facility in an aggregate principal amount not to exceed $4,000,000.00, consisting of $2,804,000.00 on an interim basis ($2,500,000 of which shall be used to finance the Lab Purchase Transaction described herein) and an additional $1,196,000.00 on a final basis. All of the Debtor's obligations under the DIP Loan are to be secured by first priority priming Liens (subject only to the Carve-Out and other exceptions set forth herein and in the other DIP Loan Documents) on the Collateral. The Lender is willing to extend such credit under such facility to the Debtor on the terms and subject to the conditions set forth herein.

C. This Agreement and the rights and obligations of the Lender and Debtor hereunder shall be subject to approval of the Bankruptcy Court in the Chapter 9 Case pursuant to a Financing Order in form and substance acceptable to Lender in its sole and absolute discretion. Without limiting the generality of the foregoing, Lender has advanced $304,000.00 prior to the date hereof (the "**Initial Advance**"), and such amounts are hereby intended to be included as DIP Loan Obligations under this Agreement and will be included in the financings approved in such Financing Order and as DIP Loan Obligations under this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Definitions

As used in this Agreement, the following terms shall have the meanings set forth below:

Accounts shall mean all of each of the Debtor's now existing and future: (a) accounts (as defined in the UCC), and any and all other receivables (whether or not specifically listed on schedules

furnished to the Lender), including, without limitation, all accounts created by, or arising from, all of the Debtor's operations, sales, leases, rentals of goods or renditions of services to its patients and customers, including but not limited to, those accounts arising under the Debtor's trade names or styles, or through the Debtor's divisions; (b) any and all instruments, documents, chattel paper (including electronic chattel paper) (all as defined in the UCC); (c) unpaid seller's or lessor's rights (including rescission, replevin, reclamation, repossession and stoppage in transit) relating to the foregoing or arising therefrom; (d) rights to any goods represented by any of the foregoing, including rights to returned, reclaimed or repossessed goods; (e) reserves and credit balances arising in connection with or pursuant hereto; (f) guarantees, supporting obligations, payment intangibles and letter of credit rights (all as defined in the UCC); (g) insurance policies or rights relating to any of the foregoing; (h) general intangibles pertaining to any and all of the foregoing (including all rights to payment, including those arising in connection with bank and non-bank credit cards), and including books and records and any electronic media and software thereto; (i) notes, deposits or property of account debtors securing the obligations of any such account debtors to the Debtor or any of them; and (j) cash and non-cash proceeds (as defined in the UCC) of any and all of the foregoing.

Asset Purchase Agreement shall mean the Asset Purchase Agreement to be executed between the Debtor and Lender, pursuant to which Lender and the Debtor will complete the Sale Transaction for an aggregate purchase price of $4,000,000.

Availability shall mean, as at any time of calculation, the amount by which: (a) the Line of Credit exceeds (b) the outstanding aggregate amount of all DIP Loans outstanding at such time.

Bankruptcy Code shall mean the United States Bankruptcy Code, being Title 11 of the United States Code as enacted in 1978, as the same has heretofore been or may hereafter be amended, recodified, modified, or supplemented, together with all rules, regulations and interpretations thereunder or related thereto.

Bankruptcy Court shall mean the United States Bankruptcy Court or the United States District Court for the Eastern District of California, Sacramento Division.

Business Day shall mean any day that is not Saturday, Sunday or a Legal Holiday as such term is defined in Rule 9006(a)(6) of the Federal Rules of Bankruptcy Procedure.

Carve-Out shall mean: (A) unless and until the DIP Loans and all other DIP Loan Obligations are repaid in full (i) U.S. Trustee fees, pursuant to 28 U.S.C. § 1930 (the "U.S. Trustee Fees") and (ii) a total of $655,000.00 for all professional expenses incurred by all Debtor professionals at any time, whether or not then allowed or paid (but subject to ultimate allowance) payable out of the DIP Collateral, including all expenses of counsel permitted under the DIP Budget. Notwithstanding anything contained in this paragraph to the contrary nothing in this paragraph shall be construed to impair the ability of any interested party to object to any professional expenses sought by any professional person.

Closing Date shall mean the date that this Agreement has been duly executed by the parties hereto and delivered to each other.

Collateral shall have the meaning set forth in Section 6 of this Agreement.

Copyrights shall mean all of the Debtor's present and hereafter acquired copyrights, copyright registrations, supplemental registrations recordings, applications, designs, styles, licenses, marks, prints and labels bearing any of the foregoing, goodwill, all extension and renewals thereof, all cash and non-cash proceeds thereof, including, without limitation, all income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present and future infringements, misappropriations or other violations with respect thereto, and rights to sue or otherwise recover for past, present and future infringements, misappropriations or violations thereof.

County shall mean County of Modoc in the State of California.

Debtor shall have the meaning set forth in the preamble of this Agreement and shall be deemed to include the Debtor as the debtor in the Chapter 9 Case, and its successors and assigns.

Default shall mean any event specified in Section 10 hereof, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, event or act, has been satisfied.

Default Rate of Interest shall mean a fixed rate of interest per annum on any DIP Loan Obligations hereunder, equal to ten percent (10%), which the Lender shall be entitled to charge the Debtor on all DIP Loan Obligations due the Lender by the Debtor, as further set forth in Paragraph 10.2 of Section 10 of this Agreement.

DIP Budget shall mean the budget agreed to by the Debtor and the Lender and attached hereto as Schedule 3.

DIP Loan Account shall mean the account on the Lender's books, in the Debtor's name and on behalf of the Debtor, in which the Debtor will be charged with all DIP Loan Obligations.

DIP Loan Documents shall mean this Agreement, the Promissory Note, deposit account control agreements securing the DIP Loan Obligations, the other closing documents, instruments and certificates, and any other ancillary loan and security agreements executed from time to time in connection with this Agreement, all as may be renewed, amended, restated, extended, increased or supplemented from time to time.

DIP Loan Obligations shall mean all loans, advances and extensions of credit made or to be made by the Lender to the Debtor, or to others for the Debtor's account, pursuant to this Agreement (including, without limitation, all DIP Loans), whether now in existence or incurred by the Debtor from time to time hereafter; whether principal, interest, fees, costs, expenses or otherwise, and including, without limitation all Out-of-Pocket-Expenses; whether secured by pledge, Lien upon or security interest in any of the Debtor' Collateral, assets or property or the assets or property of any other Person; whether such indebtedness is absolute or contingent, joint or several, matured or unmatured, direct or indirect and whether the Debtor is liable to the

Lender for such indebtedness as principal, surety, endorser, guarantor or otherwise. The DIP Loan Obligations shall also include the Election Termination Fee, if applicable in accordance with the terms of Section 11.2.

DIP Loans shall mean the loans made by the Lenders to the Debtor pursuant to Section 3.1, including, for the avoidance of doubt, the Initial Advance.

Documents of Title shall mean all of the Debtor's present and future documents (as defined in the UCC), and any and all warehouse receipts, bills of lading, shipping documents, chattel paper, instruments and similar documents, all whether negotiable or not and all goods and Inventory relating thereto and all cash and non-cash proceeds of the foregoing.

Election Termination Fee shall mean the amount, if any, equal to twenty percent (20%) of the cumulative Net Monthly Profits (as such term is defined in the Lab Management Agreement) received by Debtor following the completion of the Lab Purchase Transaction, which amount shall become due payable by the Debtor to the Lender in the event the Sale Transaction is not approved by the citizens of the County in accordance with this Agreement.

Equipment shall mean all of the Debtor's present and hereafter acquired equipment (as defined in the UCC) including, without limitation, all machinery, equipment, furnishings and fixtures, and all additions, substitutions and replacements thereof, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto and all proceeds thereof of whatever sort.

ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and the rules and regulations promulgated thereunder from time to time.

Event(s) of Default shall have the meaning provided for in Section 10 of this Agreement.

Financing Orders shall mean any financing order in form and substance acceptable to Lender in its sole and absolute discretion, entered by the Bankruptcy Court authorizing the financing on terms and conditions set forth in this Agreement, granting to Lender the senior security interests and Liens described herein and super-priority administrative expense claims (subject to the Carve-Out expenses) and modifying the automatic stay and other provisions required by Lender and its counsel.

General Intangibles shall mean all of the Debtor's present and hereafter acquired general intangibles (as defined in the UCC), and shall include, without limitation, all present and future right, title and interest in and to: (a) choses in action and causes of action and all other intangible personal property of the Debtor of every kind and nature (other than Accounts), (b) corporate and business records, contract rights, (c) Intellectual Property including the proceeds or royalties of any licensing agreements, (d) goodwill, (e) registrations, licenses, permits and franchises, (f) all customer lists, distribution agreements, supply agreements, blue prints, indemnification rights and tax refunds, (g) all uncertificated equity interests in other companies (other than any stock or other equity ownership interests constituting "Securities" as defined in the UCC), (h) any letter of credit, guarantees, claim, security interests or other security held by or granted to the Debtor to secure payment by any account debtor of any of the accounts, and (i) all monies and claims for monies now or hereafter due and payable in connection with any of the foregoing or otherwise,

and all cash and non-cash proceeds thereof.

Indebtedness shall mean, without duplication, all liabilities, contingent or otherwise, which are any of the following: (a) obligations in respect of borrowed money or for the deferred purchase price of property, services or assets, (b) lease obligations which, in accordance with appropriate accounting principles, have been, or should be capitalized.

Initial Advance shall have the meaning set forth in the recitals of this Agreement.

Insurance Proceeds shall mean proceeds or payments from an insurance carrier with respect to any loss, casualty or damage to Collateral.

Intellectual Property means a collective reference to all rights, priorities and privileges relating to intellectual property, including, without limitation (a) all Trademarks, tradenames, corporate names, business names, logos and any other designs or sources of business identities, (b) all Patents, together with any improvements on said Patents, utility, models, industrial models, and designs, (c) all Copyrights, (d) all trade secrets, (e) all licenses of any of the foregoing and (f) the right to sue or otherwise recover for past, present and future infringement, dilution, misappropriation or other violation or impairment thereof, including the right to receive all proceeds therefrom, including without limitation license fees, royalties, income, payments, claims, damages and proceeds of suit, now or hereafter due and/or payable with respect thereto.

Inventory shall mean all of each of the Debtor's present and hereafter acquired inventory (as defined in the UCC) and including, without limitation, all merchandise, inventory and goods, and all additions, substitutions and replacements thereof, wherever located, together with all goods and materials used or usable in manufacturing, processing, packaging or shipping the same in all stages of production from raw materials through work-in-process to finished goods and all proceeds thereof of whatever sort.

Investment Property shall mean all now owned and hereafter acquired investment property (as defined in the UCC), together with all equity interests (whether or not constituting "Securities" as defined in the UCC) held by the Debtor in any other company, all certificates representing any such equity interests, all dividends, distributions and other amounts payable on or in respect of such equity interests, and all proceeds of the foregoing.

Lab Management Agreement shall mean the management service agreement pursuant to which Lender (or one of its affiliated entities) will provide management and marketing services to Debtor.

Lab Purchase Agreement shall mean the limited liability company purchase agreement between the Lender and Debtor pursuant to which the Debtor will complete the Lab Purchase Transaction.

Lab Purchase Transaction shall mean the Debtor's acquisition of Serodynamics, LLC, a Colorado limited liability company, owner and operator of a CAP-accredited laboratory facility located in Denver, Colorado for not less than $2,500,000.00.

Lien shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset, (c) in the case of

securities, any purchase option, call or similar right of a third party with respect to such securities.

Line of Credit shall mean the aggregate obligation of the Lender to make DIP Loans pursuant to Section 3 of this Agreement in the aggregate principal amount equal to $4,000,000.00 (which amount shall include $2,500,000 to finance the Lab Purchase Transaction and the Initial Advance).

Maturity Date shall mean the earlier of (i) July 31, 2018, (ii) the effective date of any plan of adjustment of the Debtor, (iii) dismissal of any of the Chapter 9 Case, (iv) closing of any sale of substantially all the assets of the Debtor or (v) vote against the Sale Transaction by the citizens of the County in a duly held election.

Milestones shall have the meaning set forth in section 10.1(j) of this Agreement.

Other Collateral shall mean all of the Debtor's now owned and hereafter acquired lockbox, blocked account and any other deposit accounts maintained with any bank or financial institutions into which the proceeds of Collateral are or may be deposited; all other deposit accounts; all cash and other monies and property in the possession or control of the Lender; all books, records, ledger cards, disks and related data processing software at any time evidencing or containing information relating to any of the Collateral described herein or otherwise necessary or helpful in the collection thereof or realization thereon; and all cash and non-cash proceeds of the foregoing.

Out-of-Pocket Expenses shall mean all of the present and future expenses of the Lender, not to exceed $25,000, incurred relative to this Agreement, or other DIP Loan Document, or negotiation or approval of the same in the Chapter 9 Case, whether incurred heretofore or hereafter, which expenses shall include, without being limited to: the cost of record searches, all costs and expenses incurred by the Lender in opening bank accounts, depositing checks, receiving and transferring funds, and wire transfer charges, any charges imposed on the Lender due to returned items and "insufficient funds" of deposited checks; expenses in connection with any amendment or modification of this Agreement or any other DIP Loan Document; following the occurrence and during the continuation of an Event of Default, reasonable travel, lodging and similar customary expenses of the Lender's personnel in connection with inspecting and monitoring the Collateral, any applicable counsel fees and disbursements, and fees and taxes relative to the filing of financing statements, *provided however,* that Out-of-Pocket Expenses incurred in connection with and following an Event of Default and all expenses, costs and fees set forth in Paragraph 10.3 of Section 10 of this Agreement shall not be capped at $25,000.

Patents shall mean all of the Debtor's present and hereafter acquired patents, patent applications, registrations, recordings, including, in each case, any reissues or renewals thereof, any inventions and improvements claimed thereunder, all cash and non-cash proceeds thereof including, without limitation, all licenses, income, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including, without limitation, damage and payments for past, present and future infringements, misappropriations, or other violations with respect thereto , and all rights to sue or otherwise recover for past, present and future infringements, misappropriations or violations thereof.

Permitted Encumbrances shall mean: (a) Liens consented to in writing by the Lender; (b) statutory Liens of landlords, banks (and rights of set off), of carriers, warehousemen, mechanics, repairmen, workmen and materialmen or customers in connection with purchase orders and other

agreements entered into in ordinary course of business, and other Liens imposed by law; (c) (i) Liens evidenced by the filing of precautionary UCC financing statements and (ii) Liens arising from UCC financing statements regarding operating leases or consignments entered into by the Loan Parties in the ordinary course of business; (d) deposits made (and the Liens thereon) in the ordinary course of business of the Debtor (including, without limitation, security deposits for leases, indemnity bonds, surety bonds and appeal bonds) in connection with workers' compensation, unemployment insurance and other types of social security benefits or to secure the performance of tenders, bids, contracts (other than for the repayment or guarantee of borrowed money or purchase money obligations), statutory obligations and other similar obligations arising as a result of progress payments under government contracts; (e) easements (including, without limitation, reciprocal easement agreements and utility agreements), encroachments, minor defects or irregularities in title, variation and other restrictions, charges or encumbrances (whether or not recorded) affecting the Real Estate, if applicable, and which in the aggregate (A) do not materially interfere with the occupation, use or enjoyment by the Debtor of its business or property so encumbered and (B) in the reasonable business judgment of the Lender do not materially and adversely affect the value of such Real Estate; (f) Liens granted to the Lender by the Debtor securing DIP Loan Obligations; (g) [intentionally omitted]; (h) Liens for Taxes which are not yet due and payable or which are being diligently contested in good faith by the Debtor by appropriate proceedings and for which adequate reserves have been made in accordance with appropriate accounting principles; (i) any zoning or similar law or right reserved to or vested in any governmental office or agency to control or regulate the use of any real property; (j) Liens securing judgments for payment of money not yet constituting an Event of Default and described on Schedule 4 hereto; and (k) Liens granted under the Financing Orders.

Permitted Indebtedness shall mean: (a) current Indebtedness maturing in less than one year and incurred in the ordinary course of business for raw materials, supplies, equipment, services, Taxes or labor; (b) Indebtedness of the Debtor incurred to finance or refinance the acquisition, leasing, construction or improvement of fixed or capital assets (whether pursuant to a loan, a capital lease or otherwise) as set forth on Schedule 4 hereto, or otherwise permitted pursuant to this Agreement, including for the Lab Purchase Transaction; (c) [Intentionally Omitted]; (d) [Intentionally Omitted]; and (e) other Indebtedness existing on the date of execution of this Agreement and listed in the most recent financial statement delivered to the Lender or otherwise disclosed in writing to the Lender in writing prior to the Closing Date.

Person shall mean any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

Petition Date shall have the meaning provided for in the recitals of this Agreement.

Pre-Petition Collateral shall mean any assets of the Debtor constituting Collateral under Section 6.5 (other than clause (k) thereof) owned by the Debtor as of the Petition Date.

Prepetition Liens shall mean (l) the tax liens in favor of the United States of America, assessed by the District Director of Internal Revenue, (i) in the amount of $406,836.96, recorded with the County on February 22, 2016 as instrument 2016-0000785-00, (ii) in the amount of $142,170.27, recorded with the County on May 3, 2016 as instrument 2016-0001288-00 and filed with the Secretary of State of the State of California on May 10, 2016 as document 16-7526277215, (iii) in

the amount of $143,401.57, recorded with the County on September 20, 2016 as instrument 2016-0002600-00 and filed with the Secretary of State of the State of California on September 22, 2016 as document 16-7547664743, and (iv) in the amount of $2,511.32, recorded November 8, 2016 as instrument 2016-0003020-00 with the Modoc County Official Records and filed with the Secretary of State of the State of California on November 10, 2016 as document 16-7558253709; (2) the Deed of Trust and Assignment of Rents, dated November 16, 2015, between the Debtor, as trustor, Modoc County Title Co., as Trustee, and Gary L. Odgers and Ann Wylie Odgers, Trustees of The Odgers Family Trust dated November 20, 2006, and recorded with the County on November 19, 2015 as instrument 2015-0002986-00 and (3) Abstract of Support Judgment in favor of Medliant, in an amount of $128,702.14, entered on August 8, 2017 and recorded on September 18, 2017 with the County as instrument 2017-0003058-00, relating to Case No. CPF-17-515708, Superior Court of California, County of San Francisco.

Promissory Note shall mean the note, if any, in the form of Exhibit A attached hereto, delivered by the Debtor to the Lender to evidence the DIP Loans pursuant to, and repayable in accordance with, the provisions of Section 3 of this Agreement.

Real Estate shall mean the Debtor's fee interests in real property.

Real Estate Leases shall mean the Debtor's leasehold interests in real property as lessee.

Sale Transaction shall mean a sale of all or substantially all of the Debtor's assets to Lender for $4,000,000 and approved by the Bankruptcy Court pursuant to the Asset Purchase Agreement.

Superpriority Claim shall mean a claim by Lender against the Debtor in the Chapter 9 Case which is an administrative expense claim having priority over any or all other administrative expenses of any kind specified in Section 503(b) of the Bankruptcy Code, subject to the Carve-Out.

Taxes shall mean all federal, state, municipal and other governmental taxes, levies, charges, claims, imposts, duties, deductions, withholdings (including backup withholding), fees, assessments, including any interest, additions to tax or penalties applicable thereto which are or may be due by the Debtor with respect to its business, operations, Collateral or otherwise.

Trademarks shall mean all of the Debtor's present and hereafter acquired trademarks, trademark registrations, recordings, applications, tradenames, trade styles, service marks, corporate names, company names, business names, fictitious business names, trade dress, logos, other source or business identifiers, prints and labels (on which any of the foregoing may appear), designs and general intangibles of like nature, and all registrations and recording applications filed in connection therewith, all goodwill associated therewith or symbolized thereunder, all licenses, reissues, extension, and renewals thereof, and all cash and non-cash proceeds thereof, including, but not limited to, income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present and future infringements, misappropriations or other violations with respect thereto, and rights to sue or otherwise recover for past, present and future infringements, misappropriations or violations thereof.

UCC shall mean the Uniform Commercial Code as the same may be amended and in effect from

time to time in the state of Delaware or any other applicable jurisdiction.

SECTION 2. [Intentionally Omitted]

SECTION 3. DIP Loans

3.0 [Intentionally Omitted]

3.1 (a) The Lender shall, subject to the terms and conditions of this Agreement and the Financing Orders, from time to time, make DIP Loans at the request of the Debtor; provided, however, that at the time such DIP Loan is made such DIP Loan is within the Availability and the DIP Budget set forth on Schedule 3 and (x) that the aggregate outstanding principal amount of such DIP Loans shall not exceed the Line of Credit and (y) the amount of DIP Loans made on or after the entry of any Financing Order shall not exceed the amount authorized by the Financing Order. For the avoidance of doubt, the parties agree that the Initial Advance shall be included as DIP Loan Obligations under this Agreement and shall be deemed to constitute a DIP Loan for all purposes hereunder. Amounts repaid at any time to Lender may not be reborrowed.

(b) To the extent a DIP Loan is made, the Debtor unconditionally agrees that it is and shall be responsible for repayment to Lender of the entire amount of all outstanding DIP Loans and all DIP Loan Obligations.

(c) Whenever the Debtor desires the Lender to make a DIP Loan pursuant to this Section 3, the Debtor shall give the Lender notice in writing or irrevocable telephonic notice confirmed promptly in writing, substantially in the form of borrowing notice attached hereto as Exhibit B (the "Borrowing Notice") specifying (A) the amount to be borrowed, (B) the requested borrowing date (which shall be a Business Day and shall be prior to the Maturity Date, and prior to any effective termination date of this Agreement, all as further set forth herein), and (C) the other matters set forth in the Borrowing Notice. All Borrowing Notices must be received by the Lender no later than 1:00 P.M. New York time two (2) Business Days prior to the proposed borrowing date (unless otherwise agreed to by the Lender and Debtor). The procedure for DIP Loans to be made on a requested borrowing date may be such other procedure as is mutually satisfactory to the Debtor and the Lender.

(d) Upon the request of the Lender, the DIP Loan shall be evidenced by a Promissory Note in the form of Exhibit A attached hereto.

(e) Notwithstanding any provision of this Agreement to the contrary, all payments due by the Debtor under this Agreement, whether for principal, interest, fees, costs, indemnities, expenses or otherwise, shall be payable in United States dollars at the Lender's office specified in Section 12.6 of this Agreement without setoff, counterclaim or other deduction of any kind.

3.2 [Intentionally Omitted]

3.3 [Intentionally Omitted]

3.4 No later than 30 days following the Closing Date (or such later date as the Lender may agree in its sole discretion), the Debtor will provide to Lender one or more properly executed deposit account control agreements, in form and substance satisfactory to Lender,

providing Lender with a first priority, properly perfected security interest (subject to Prepetition Liens until, and only until, a Financing Order is entered granting Lender a first priority security interest) in each of the Debtor's deposit accounts held at Plumas Bank and any other bank or lending institution (other than deposit accounts used primarily for payroll taxes or other employee benefits and any other deposit account where applicable law prohibits the granting of "control" (as defined in the UCC) over such deposit account.

3.5 [Intentionally Omitted].

3.6 (a) The Lender shall maintain a single DIP Loan Account on its books in which the Debtor will be charged with all DIP Loans made by the Lender to the Debtor, and with any other DIP Loan Obligations. The Debtor will be credited with all amounts received by the Lender from the Debtor or from others for the Debtor's account, including all amounts received by the Lender in payment of Accounts, and such amounts will be applied to payment of the DIP Loan Obligations as set forth herein. In no event shall prior recourse to any Accounts or other security granted to or by the Debtor be a prerequisite to the Lender's right to demand payment of any DIP Loan Obligation that is otherwise due in accordance with this Agreement. Further, it is understood that the Lender shall have no obligation whatsoever to perform in any respect of the Debtor contracts or obligations relating to the Accounts.

3.7 After the end of each month, the Lender shall promptly send the Debtor a statement showing the accounting for the DIP Loans and other DIP Loan Obligations made or incurred during that month, together with all DIP Loan Obligations paid, repaid or prepaid during that month. The monthly statements shall be deemed correct and binding upon the Debtor and shall constitute an account stated between the Debtor and the Lender absent manifest error unless the Lender receives a written statement of the exceptions within thirty (30) days of the date of the monthly statement. Notwithstanding the foregoing, failure by the Lender to deliver any such statement shall not affect in any manner the amount, validity or enforceability of any such charge, loan advance or other transaction.

3.8. The proceeds of the DIP Loans shall be used strictly in accordance with the DIP Budget to: (i) finance the Lab Purchase Transaction; (ii) provide working capital to the Debtor in the Chapter 9 Case in order to maintain operations of the Hospital and Clinic and in order to facilitate a Sale Transaction; and (iii) to fund the professional fees and the US Trustee fees set forth in the DIP Budget. The proceeds of the DIP Loans shall not be used to fund the operations of, or the administration of the Chapter 9 Case of, any subsidiary or affiliate of the Debtor without the prior written consent of the Lender, except as set forth above.

SECTION 4. Conditions to Effectiveness and Lending

4.1 Conditions to Funding. The obligation of the Lender to make any DIP Loans (other than the Initial Advance) is subject to the satisfaction by Debtor or waiver by Lender of the following conditions precedent:

(a) Subject to Sections 3.4 and 7.5, this Agreement and each of the other DIP Loan Documents shall be in form and substance reasonably satisfactory to the Lender, and shall have been duly executed by the Debtor and any other necessary parties (including, with respect to any deposit account control agreements, the applicable lending institution(s)) and

delivered to the Lender.

(b) A Financing Order shall have been entered and shall be in full force and effect, shall not have been vacated or reversed, shall not be subject to a stay and shall not have been modified or amended in any respect without the prior written consent of the Lender; *provided however,* that if the Financing Order is the subject of a pending appeal in any respect, neither the making of the DIP Loans nor the performance by the Debtor of its obligations under any of the DIP Loan Documents shall be the subject of a presently effective stay pending appeal; *provided, further*, that it shall not be a requirement that this clause (b) be satisfied as a condition to the making of a DIP Loan in an amount of $2,500,000 to finance the Lab Purchase Transaction).

(c) [Intentionally Omitted].

(d) The Debtor shall be in compliance with the provisions of Sections 3.4 and 7.5 hereof.

(e) The Lender shall have received, in a form reasonably satisfactory to it, the DIP Budget commencing with the week during which the Petition Date occurred.

(f) The definitive agreements providing for the Lab Purchase Transaction, the Lab Management Agreement and the transactions associated therewith, and the Sale Transaction shall have been executed by the applicable parties.

(g) The Debtor shall have initiated and continued, the process with the County of obtaining a waiver and ultimate removal of all deed restrictions impacting the Sale Transaction to the satisfaction of Lender in its sole and absolute discretion.

(h) All pleadings filed in the Chapter 9 Case related to the approval of significant transactions, including, without limitation, the Sale Transaction, regardless of when filed or entered, shall be reasonably satisfactory in form and substance to the Lender.

(i) [Intentionally Omitted].

(j) [Intentionally Omitted].

(k) The Debtor shall pay all fees and reasonable and documented Out-of-Pocket Expenses of the Lender (including the reasonable and documented fees and expenses of outside counsel and financial advisors), accrued and payable on or prior to the date of any borrowing, *provided however,* that neither the Lender nor its advisors shall be required to file any fee applications or otherwise seek Bankruptcy Court approval of such Out-of-Pocket Expenses.

SECTION 5. [Intentionally Omitted]

SECTION 6. Collateral

6.1 The Debtor hereby acknowledges, confirms and agrees that, upon the entry of a Financing Order, pursuant to Section 364(c)(1) of the Bankruptcy Code, and subject only to the Carve-Out, the DIP Loan Obligations shall at all times constitute an allowed Superpriority Claim in the Chapter 9 Case of the Debtor.

6.2 The Debtor hereby acknowledges, confirms and agrees that, upon the entry of a Financing Order, pursuant to Section 364(c)(2) of the Bankruptcy Code, and subject only to the Carve-Out, the DIP Loan Obligations shall at all times be secured by first priority, valid, binding, enforceable and perfected security interests in, and Liens upon, all unencumbered tangible and intangible property of the Debtor, including such property that is subject to valid and perfected Liens in existence on the Petition Date, which Liens are thereafter released or otherwise extinguished in connection with the satisfaction of the obligations secured by such Liens.

6.3 Other than with respect to the DIP Loans, Permitted Encumbrances, and the Prepetition Liens, none of the Debtor's assets is subject to any Liens.

6.4 The Debtor hereby acknowledges, confirms and agrees that, upon the entry of a Financing Order, pursuant to Section 364(d)(1) of the Bankruptcy Code and subject only to the Carve-Out, the DIP Loan Obligations shall at all times be secured by first priority, priming, valid, binding enforceable and perfected security interests in, and Liens upon, the Pre-Petition Collateral and all other assets of the Debtor (the "**Priming Liens**") to the extent the Pre-Petition Collateral and any other assets of the Debtor are subject to Liens existing on the Petition Date (including the Prepetition Liens), and to any setoff, recoupment or off set rights of any governmental agency with respect to Medicare provider payments or CMS accounts receivable (the "**Primed Liens**"). Upon the entry of a Financing Order, the Priming Liens shall be senior in all respects to the interests in such property of any lender holding a Primed Lien and any other Person and shall also be senior to any Liens granted to provide adequate protection in respect of any of the Primed Liens.

6.5 As security for the prompt payment in full of all DIP Loan Obligations, the Debtor hereby pledges and grants to the Lender a continuing, valid, perfected, priming, first priority and senior general Lien upon, and security interest in (subject to the Carve-Out and Prepetition Liens until, in the case of Prepetition Liens, a Financing Order is entered granting Lender a priming, first priority and senior security interest over the Prepetition Liens, at which point such Lien shall be subject only to the Carve-Out), all right, title and interest in and to all of the assets of the Debtor, whether now existing or hereafter arising or acquired and wherever located, including without limitation any such property in which a Lien is granted to Lender pursuant to any DIP Loan Document, any Financing Order or any other order entered or issued by the Bankruptcy Court, and including, but not limited to, the following (collectively, the "Collateral"):

(a) Accounts, including accounts receivable;

(b) Cash and cash collateral as defined in Section 363(a) of the Bankruptcy Code;

(c) Inventory;

(d) General Intangibles;

(e) Intellectual Property;

(f) Investment Property

(g) Documents of Title;

(h) Other Collateral;

(i) Equipment;

(j) Real Estate and Real Estate Leases (including security deposits);

(k) the Pre-Petition Collateral;

(l) all present and future claims, rights, interests, assets and properties recovered by or on behalf of the Debtor or any trustee of the Debtor, but excluding property recovered as a result of transfers or obligations avoided or actions maintained or taken pursuant to, inter alia, Sections 542, 545, 547, 548, 549, 550, 552 and 553 of the Bankruptcy Code, subject to the terms of any applicable order of the Bankruptcy Court; and

(m) all products and proceeds of the foregoing, including all additions, attachments, substitutions, replacements, accessions and accessories, and all insurance policies and Insurance Proceeds relating in whole or part to the foregoing;

provided, however, that in no event shall Collateral include, nor shall the security interest granted under this Section 6.5 attach to: (i) any lease, license, contract, property rights or agreement to which the Debtor is a party (or to any of its rights or interests thereunder) if and only to the extent that the grant of such security interest would constitute or result in either (x) the abandonment, invalidation or unenforceability of any right, title or interest of the Debtor therein or (y) in a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract, property rights or agreement (other than, in each case, to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC or otherwise (including any debtor relief law or principle of equity)), provided, however, that the Collateral shall include (and such security interest shall attach) immediately at such time as the contractual or legal provisions referred to above shall no longer be applicable and to the extent severable, and shall attach immediately to any portion of such permit, lease, license, contract or agreement not subject to the provisions specified in clause (A)(i) above, (ii) any intent-to-use Trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein word impair the validity or enforceability of such intent-to-use Trademark applications and (iii) any specifically identified asset with respect to which the Lender has confirmed in writing to the Debtor its determination that the costs or other consequences (including adverse tax consequences) of providing a security interest is excessive in view of the benefits to be provided to the Lender.

6.6 As additional security for the prompt payment in full of all DIP Loan Obligations, the Debtor shall execute pledge agreements on equity interests (including interests acquired in the Lab Purchase Transaction) and mortgages and deeds of trust on all Real Estate and/or Real Estate Leases, all in form and substance satisfactory to the Lender, and such equity interests and Real Estate and/or Real Estate Leases shall constitute Collateral for all purposes of this Agreement and the DIP Loan Documents. The Debtor hereby confirms that it shall deliver, or cause to be delivered, any pledged equity interests issued subsequent to the Closing Date to the Lender and prior to such delivery, shall hold any such equity interests in trust for the Lender.

6.7 The Debtor agrees to safeguard, protect and hold all Inventory for the Lender's account and make no disposition thereof except in the ordinary course of business of the Debtor. Upon the request of the Lender at any time, the Debtor hereby agrees to immediately forward any and all proceeds of Collateral sold outside of the ordinary course of business to the Lender, and to hold any such proceeds in trust for the Lender pending delivery to the Lender.

6.8 The Debtor agrees at its own cost and expense to keep the Equipment in as good condition as the same is now or at the time the Lien and security interest granted herein shall attach thereto, reasonable wear and tear excepted, making any and all repairs and replacements when and where necessary in its reasonable discretion. Absent the prior written consent of the Lender, the Debtor shall not make any sale, exchange or other disposition of any Equipment, other than through a Sale Transaction.

6.9 The rights and security interests granted to the Lender hereunder are to continue in full force and effect, notwithstanding the termination of this Agreement, until the final payment in full to the Lender of all DIP Loan Obligations (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement). Any delay, or omission by the Lender to exercise any right hereunder shall not be deemed a waiver thereof, or be deemed a waiver of any other right, unless such waiver shall be in writing and signed by the Lender. A waiver on any occasion shall not be construed as a bar to, or waiver of, any right or remedy on any future occasion.

6.10 Notwithstanding any other provision of this Agreement or any other DIP Loan Document, and notwithstanding the Lender's security interest in the Collateral and the extent to which the DIP Loan Obligations are now or hereafter secured by any assets or property other than the Collateral or by any security interest, guarantee, endorsement, assets or property of any other Person or in favor of the Lender, the Lender shall have the sole right in its sole discretion to determine which rights, Liens, security interests or remedies the Lender shall at any time pursue, foreclose upon, relinquish, subordinate, modify or take any other action with respect to all or any of the Collateral, without in any way modifying or affecting any of them or any of the Lender's rights as against the Debtor.

6.11. Except for the Carve-Out, upon the entry of a Financing Order, no costs or expenses of administration shall be imposed against the Lender or any of the Collateral under Sections 105 or 506(c) of the Bankruptcy Code, or otherwise, and the Debtor hereby waives for itself and on behalf of its estate in bankruptcy, any and all rights under Sections 105 or 506(c) of the Bankruptcy Code, or otherwise, to assert or impose to assert or impose, any such costs or expenses of administration against the Lender.

6.12 Except for the Carve-Out, upon the entry of a Financing Order, the Superpriority Claims shall at all times be senior to the rights of the Debtor, any chapter 9 trustee (including, without limitation, post-petition counterparties and other post-petition creditors) in the Chapter 9 Case or any subsequent proceedings under the Bankruptcy Code.

6.13 [Intentionally Omitted].

6.14 The Debtor owns or validly licenses all Intellectual Property and rights thereto necessary to conduct its business as conducted as of the Closing Date and the Debtor shall maintain its rights in, and the value of, the foregoing in the ordinary course of its business, including, without limitation, by making timely payment with respect to any applicable licensed rights. The Debtor shall deliver to the Lender, and/or shall cause the appropriate party to deliver to the Lender, from time to time such security agreements with respect to Intellectual Property of the Debtor registered at the United States Patent and Trademark Office ("**USPTO**") and/or the United States Copyright Office ("**USCO**"), as applicable, as the Lender shall require to obtain valid first priority Liens thereon (subject to Permitted Encumbrances until, and only until, a Financing Order is entered granting Lender a first priority security interest). In furtherance of the foregoing, the Debtor shall provide timely notice to the Lender of any additional Patents and/or Trademarks registered with the USPTO, and any additional Copyrights registered with the USCO, in each case, acquired or applied for subsequent to the Closing Date and the Debtor shall execute such documentation as the Lender may reasonably require to obtain and perfect its Lien thereon. Debtor hereby irrevocably grants to the Lender, to the extent assignable, subject, in the case of Trademarks, to sufficient rights to quality control and inspection in favor of the Debtor to avoid the risk of invalidation of said Trademarks, a royalty-free, non-exclusive license in the Intellectual Property to use, assign, license or sublicense any of the Intellectual Property for the sole purpose, upon the occurrence and continuance of an Event of Default, of enabling Lender to exercise its rights and remedies under Section 10 hereof, irrespective of the Lender's Lien and perfection in such Intellectual Property.

SECTION 7. Representations, Warranties and Covenants

7.1 The Debtor warrants and represents that: (i) Schedule 1 hereto correctly and completely sets forth the Debtor's (A) chief executive office, (B) Collateral locations, (C) tradenames, and (D) exact legal name and jurisdiction of formation; (ii) after filing of a financing statement in the applicable filing clerk's office at the location set forth in Schedule 1, this Agreement creates a valid, perfected and first priority security interest (subject to Prepetition Liens until, and only until, a Financing Order is entered granting Lender a first priority security interest) in the Collateral that can be perfected by the filing of a financing statement and the security interests granted herein constitute and shall at all times constitute the first and only Liens on such Collateral; (iii) upon the execution of any deposit account control agreement by all required parties, such deposit account control agreement shall create a valid, perfected and first priority security interest (subject to Prepetition Liens until, and only until, a Financing Order is entered granting Lender a first priority security interest) in the Collateral constituting deposit account(s) covered thereunder and the security interests granted herein and therein constitute and shall at all times constitute the first and only Liens on such deposit account(s), (iv) after filing of mortgages or deeds of trust in the applicable filing clerks' offices at the locations set forth in Schedule 1, each mortgage or deed of trust executed in favor of the

Lender creates shall create a valid, perfected and first priority security interest in and lien on (subject to Prepetition Liens until, and only until, a Financing Order is entered granting Lender a first priority security interest) the Real Estate and/or Real Estate Lease covered thereunder and the security interests and liens granted thereunder constitute and shall at all times constitute the first and only Liens on such Real Estate and/or Real Estate Leases, (v) except for the Permitted Encumbrances, the Debtor is, or will be, at the time additional Collateral is acquired by it, the absolute owner of the Collateral with full right to pledge, sell, consign, transfer and create a security interest therein, free and clear of any and all claims or Liens in favor of others; (vi) the Debtor will, at its expense, forever warrant and, at the Lender's request, defend the Collateral from any and all claims and demands of any other Person other than a holder of a Permitted Encumbrance; (vii) the Debtor will not grant, create or permit to exist, any Lien upon, or security interest in, the Collateral, or any proceeds thereof, in favor of any other Person other than the holders of the Permitted Encumbrances; and (viii) the Equipment is and will only be used by the Debtor in its business and will not be held for sale or lease, or removed from its premises, or otherwise disposed of by the Debtor except as otherwise permitted in this Agreement.

7.2 The Debtor agrees to maintain books and records pertaining to the Collateral in accordance with appropriate accounting principles and in such additional detail, form and scope as the Lender shall reasonably require. The Debtor agrees that the Lender or its agents may enter upon the Debtor's premises at any time during normal business hours, and from time to time in its reasonable business judgment, for the purpose of inspecting the Collateral and any and all records pertaining thereto, so long as such inspections do not unreasonably interfere with the Debtor's ability to conduct its business. The Debtor is also to advise the Lender promptly, in sufficient detail, of any material adverse change relating to the type, quantity or quality of the Collateral or on the security interests granted to the Lender therein.

7.3 The Debtor agrees to execute and deliver to the Lender, from time to time, solely for the Lender's convenience in maintaining a record of the Collateral, such written statements, and schedules as the Lender may reasonably require, designating, identifying or describing the Collateral. Any failure, however, to promptly give the Lender such statements, or schedules shall not affect, diminish, modify or otherwise limit the Lender's security interests in the Collateral.

7.4 The Debtor agrees to take such additional actions as the Lender may reasonably request to comply with the requirements of all state and federal laws in order to grant to the Lender valid and perfected first security interests in and liens on the Collateral subject only to the Permitted Encumbrances. The Lender is hereby authorized by the Debtor to file (including pursuant to the applicable terms of the UCC) from time to time any financing statements, continuation statements or amendments covering the Collateral (including, without limitation, financing statements describing the Collateral as "all assets" or "all personal property") and such mortgages, deeds of trust or documents relating thereto with respect to the Real Estate and/or Real Estate Leases. The Debtor hereby consents to and ratifies any and all execution and/or filing of financing statements on or prior to the Closing Date by the Lender. The Debtor agrees to do whatever the Lender may reasonably request, from time to time, by way of: (a) filing notices of Liens, financing statements, amendments, renewals and continuations thereof; (b) cooperating with the Lender's agents and employees; (c) keeping Collateral records; (d)

transferring proceeds of the Collateral to the Lender's possession in accordance with Section 6.7; and (e) performing such further acts as the Lender may reasonably require in order to effect the purposes of this Agreement and the mortgages with respect to the Real Estate and/or Real Estate Leases, including but not limited to obtaining control agreements with respect to deposit accounts (subject to Section 3.4) and/or Investment Property.

7.5 (a) The Debtor agrees to maintain insurance on its Real Estate, Real Estate Leases, Equipment, Inventory and other Collateral, together with comprehensive general liability insurance, director and officer insurance and other insurance, in each case on a "all-risk" basis under such policies of insurance, with such insurance companies, in such reasonable amounts and covering such insurable risks as are at all times reasonably satisfactory to the Lender. Upon the request of the Lender, and in any event, no later than 30 days following the Closing Date (or such later date as the Lender may agree in its sole discretion), all policies covering the Real Estate, Equipment and Inventory are to be made payable to the Lender , in case of loss, under a standard non-contributory "mortgagee", "Lender", or "secured party" clause. Upon the request of the Lender, and in any event, no later than 30 days following the Closing Date (or such later date as the Lender may agree in its sole discretion), all original policies or true copies thereof are to be delivered to the Lender, with the loss payable endorsement in the Lender's favor. Debtor will provide, or shall cause to be provided to, Lender immediate written notice of the exercise by any insurer of any right of cancellation under such policies. At the Debtor's request, or if the Debtor fails to maintain such insurance, the Lender may arrange for such insurance, but at the Debtor's expense and without any responsibility on the Lender's part for: (i) obtaining the insurance; (ii) the solvency of the insurance companies; (iii) the adequacy of the coverage; or (iv) the collection of claims. The full amount of any premiums paid by the Lender shall be payable by the Debtor on demand. Upon the occurrence of an Event of Default which is not waived in writing by the Lender, the Lender shall have the sole right and at its option, in the name of the Lender or the Debtor to file claims under any insurance policies, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

(b) In the event of any loss or damage by fire or other casualty, Insurance Proceeds shall be delivered to Lender and applied to reduce the DIP Loan in accordance with the provisions of Paragraph 10.4 of Section 10 of this Agreement unless otherwise agreed to by the Lender.

7.6 The Debtor has filed all federal, state and local tax or information returns and other reports each is required by law to file and has paid all Taxes that are due and payable, except for those claims of the State of California in the amount of $171,313.83. From and after the Petition Date, the Debtor agrees to pay, when due, all Taxes, unless such Taxes are being diligently contested in good faith by the Debtor by appropriate proceedings and adequate reserves are established in accordance with appropriate accounting principles.

7.7 The Debtor: (a) represents that it is in compliance with, and agrees to comply with, all acts, rules, regulations and orders of any legislative, administrative or judicial body or official, which the failure to comply with would have a material and adverse impact on the Collateral, or any material part thereof, or on the business or operations of the Debtor, provided

that the Debtor may contest any acts, rules, regulations, orders and directions of such bodies or officials in any reasonable manner which will not, in the Lender's reasonable opinion, materially and adversely affect the Lender's rights or priority in the Collateral; and (b) represents that it is in compliance with, and agrees to comply with, all environmental statutes, acts, rules, regulations or orders as presently existing or as adopted or amended in the future, applicable to the Collateral, the ownership and/or use of its Real Property and operation of its business, which the failure to comply with would have a material and adverse impact on the Collateral, or any material part thereof, or on the operation of the business of the Debtor.

7.8 If requested by Lender, until termination of this Agreement and payment and satisfaction of all DIP Loan Obligations (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement), the Debtor will furnish to the Lender such financial reports and information in such detail as shall be reasonably satisfactory to the Lender.

7.9 Until termination of this Agreement and payment and satisfaction of all DIP Loan Obligations (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement), the Debtor agrees that, without the prior written consent of the Lender, the Debtor will not:

(a) Mortgage, assign, pledge, transfer or otherwise permit any Lien, charge, security interest, encumbrance or judgment, (whether as a result of a purchase money or title retention transaction, or other security interest, or otherwise) to exist on any of the Debtor's Collateral or any other assets, whether now owned or hereafter acquired, except for the Permitted Encumbrances;

(b) Incur or create any Indebtedness other than the Permitted Indebtedness;

(c) Incur any expenditure or withdraw any funds from any bank account other than in accordance with the DIP Budget;

(d) Sell, lease, assign, transfer or otherwise dispose of (i) Collateral or (ii) any of the Debtor's assets which do not constitute Collateral, in each case, other than (x) Inventory used in the treatment of patients or other provisions of services to patients and other de minus asset dispositions in the ordinary course of business and (y) in the Debtor's exercise its Put Option (as defined in the Lab Purchase Agreement);

(e) Merge, consolidate, amalgamate or otherwise alter or modify its organizational name, principal places of business, structure, or existence, reincorporate or re-organize, or enter into or engage in any operation or activity materially different from that being conducted by the Debtor on the Closing Date;

(f) Assume, guarantee, endorse, or otherwise become liable upon the obligations of any Person (other than in furtherance of or in connection with, the Lab Purchase Transaction);

(g) Make any advance or loan to, or any investment in, any Person (other than in furtherance of, or in connection with, the Lab Purchase Transaction) or purchase or acquire all or substantially all of the stock or other equity interests in or assets of any Person (other than in furtherance of, or in connection with, the Lab Purchase Transaction);

(h) Form or acquire any subsidiary other than in connection with the Lab Purchase Transactions, provided that (i) the Debtor shall cause any subsidiary formed or acquired in the Lab Purchase Transactions to execute a joinder agreement to this Agreement in form and substance satisfactory to the Lender pursuant to which such subsidiary agrees to be bound by the terms of this Agreement and the other DIP Loan Documents and the Debtor shall execute such other documents and take such other actions as are deemed necessary or desirable by Lender to create and perfect Lender's Lien in the Collateral of such subsidiary, and (ii) the Debtor shall take all actions deemed necessary or desirable by Lender to cause the stock of or other equity interests in such subsidiary formed or acquired in the Lab Purchase Transaction to be pledged to Lender as Collateral for the DIP Loan Obligations in accordance with Section 6.6; or

(i) Pay any principal on any Indebtedness other than in accordance with the DIP Budget.

7.10 The Debtor shall promptly provide to the Lender such due diligence information regarding the Debtor (including, without limitation, access to the Debtor's offices, personnel and files during regular business hours, so long as such access does not unreasonably interfere with the Debtor's ability to conduct its regular operations) as the Lender shall request.

7.11 The Debtor agrees to advise the Lender in writing of any notices received from any local, state or federal authority advising of any environmental liability (real or potential) stemming from the Debtor's operations, its premises, its waste disposal practices, or waste disposal sites used by the Debtor and to provide the Lender with copies of all such notices if so required.

7.12 The Debtor hereby agrees to indemnify and hold harmless the Lender, and the officers, directors, members, managers, employees, attorneys and agents of the Lender (each an "Indemnified Party") from, and holds each of them harmless against, (a) any and all losses, liabilities, obligations, claims, actions, damages, costs and expenses (including reasonable attorney's fees) insofar as such losses, liabilities, obligations, claims, actions, damages, costs, fees or expenses are with respect to the DIP Loan and DIP Loan Documents, except and to the extent that the same results solely and directly from the gross negligence or willful misconduct of such Indemnified Party as finally determined by a court of competent jurisdiction. The Debtor hereby agrees that this indemnity shall survive termination of this Agreement, as well as payments of the DIP Loan Obligations.

7.13 [Intentionally Omitted].

7.14 [Intentionally Omitted].

7.15 [Intentionally Omitted].

7.16 The Debtor hereby represents and warrants to the Lender that:

(a) The Debtor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the

aggregate, could not reasonably be expected to result in a material adverse effect in the financial condition, business, profitability assets or operations of the Debtor taken as a whole, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

(b) The transactions contemplated by this Agreement and the other DIP Loan Documents are within the Debtor's organizational powers and have been duly authorized by all necessary organizational actions. The DIP Loan Documents have been duly executed and delivered by the Debtor and constitute a legal, valid and binding obligation of the Debtor, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(c) The transactions contemplated by this Agreement and the other DIP Loan Documents (i) do not require any consent or approval of, registration or filing with, or any other action by, any governmental authority, except such as have been obtained or made and are in full force and effect (including, without limitation, any Financing Orders) and except for filings necessary to perfect Liens created pursuant to this Agreement and the other DIP Loan Documents, (ii) will not violate any applicable requirement of law or any governmental authority applicable to the Debtor, (iii) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Debtor or its assets, or give rise to a right thereunder to require any payment to be made by the Debtor, and (iv) will not result in the creation or imposition of any Lien on any asset of the Debtor, except Liens created pursuant to the DIP Loan Documents and Permitted Encumbrances.

(d) There are no actions, suits or proceedings by or before any arbitrator or governmental authority pending against or, to the knowledge of the Debtor, threatened against or affecting the Debtor except (x) the Chapter 9 Case and (y) as set forth on Schedule 2 hereto. There is no reasonable likelihood of an adverse determination with respect to any such action, suit or proceeding that could reasonably be expected, individually or in the aggregate, to result in a material adverse effect in the financial condition, business, prospects, profitability assets or operations of the Debtor taken as a whole, and no such action, suit or proceeding involves this Agreement or the transactions contemplated hereby, or any of the other DIP Loan Documents.

(e) As of the Closing Date, Debtor has no subsidiaries and does not own equity interests of any other Person.

SECTION 8. Interest, Fees and Expenses

8.1 DIP Loans shall bear interest at a fixed rate per annum of five percent (5%). The rate hereunder for DIP Loans shall be calculated based on a 365-day year. Upon the occurrence and during the continuance of an Event of Default and the giving of any required notice by the Lender in accordance with the provisions of Section 10, Paragraph 10.2 hereof, all DIP Loan Obligations shall bear interest at the Default Rate of Interest.

8.2 The Debtor shall reimburse or pay the Lender for all Out-of-Pocket Expenses, provided however, that neither Lender nor its advisors shall be required to file fee applications or otherwise seek Bankruptcy Court approval for the payment of such Out-of-Pocket Expenses.

8.3 Notwithstanding any provision herein or in any other DIP Loan Document to the contrary, interest on the DIP Loans and all Out-of-Pocket Expenses shall be payable in kind by capitalizing the outstanding principal amount of the DIP Loans. All interest accrued and capitalized on the outstanding principal amount of the DIP Loans shall be cancelled and deemed paid, and, for the avoidance of doubt, shall no longer constitute part of the DIP Loan Obligations if and to the extent Lender cancels such DIP Loan Obligations as a component of the purchase price payable to complete the Sale Transaction in accordance with the Asset Purchase Agreement.

SECTION 9. Releases

9.1 [Intentionally Omitted]

9.2 This Agreement and the other DIP Loan Documents shall terminate immediately and without need for further action upon the payment in full in cash or other immediately available funds of all DIP Loan Obligations (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement).

9.3 Upon the termination of this Agreement in accordance with Section 9.2, the Lender hereby covenants and agrees to execute and deliver in favor of the Debtor a valid and binding termination and release agreement, evidencing the payment in full of all DIP Loan Obligations (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement) and the termination of this Agreement and the other DIP Loan Documents, in form and substance reasonably satisfactory to Lender, including, for the avoidance of doubt, a release of the Lender of its obligations hereunder and under the other DIP Loan Documents in form and substance reasonably satisfactory to the Lender, together with all documents, instruments or filings as the Debtor may request to evidence the release and termination of the Lender's Lien on the Collateral.

9.4 The Debtor understands, acknowledges and agrees that the releases set forth above in Section 9.3 hereof may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such releases.

SECTION 10. Events of Default and Remedies

10.1 Notwithstanding anything hereinabove to the contrary, each of the following shall constitute an "Event of Default":

(a) [Intentionally Omitted];

(b) [Intentionally Omitted];

(c) [Intentionally Omitted];

(d) breach by the Debtor of any warranty, representation or covenant contained herein (other than those referred to in sub-paragraph (e) below), provided that such default by the Debtor of any of the warranties, representations or covenants referred in this clause (d) shall not be deemed to be an Event of Default unless and until such Default shall remain unremedied to the Lender's satisfaction for a period of thirty (30) days from the date of such breach;

(e) breach by the Debtor of any warranties, representations or covenants made in any of the other DIP Loan Documents or any of the definitive agreements executed in connection with the Lab Purchase Transactions, the Lab Management Agreement and the transactions associated therewith, or the Sale Transaction.

(f) failure of the Debtor to pay any of the DIP Loan Obligations on the Maturity Date or any other date of termination of this Agreement within thirty (30) Business Days of the due date thereof;

(g) the Debtor shall (i) engage in any "prohibited transaction" as defined in ERISA, (ii) have any "accumulated funding deficiency" as defined in ERISA, (iii) terminate any "plan", as defined in ERISA or (iv) be engaged in any proceeding in which the Pension Benefit Guaranty Corporation shall seek appointment, or is appointed, as trustee or administrator of any "plan", as defined in ERISA, and with respect to this sub-paragraph (g) such event or condition (x) remains uncured for a period of thirty (30) days from date of occurrence and (y) could, in the reasonable opinion of the Agent, subject the Debtor to any tax, penalty or other liability that is material to the business, operations or financial condition of the Debtor;

(h) [Intentionally Omitted];

(i) the occurrence after the Closing Date of any default or event of default (after giving effect to any applicable grace or cure periods) by the Debtor under any instrument or agreement evidencing any other Indebtedness of the Debtor having a principal amount in excess of $25,000;

(j) the failure of the Debtor to meet the following milestones ("Milestones") for the Chapter 9 Case (unless otherwise consented to or waived by Lender):

(i) The Debtor shall have filed a motion seeking approval of the DIP Loans on or before ten (10) days following the Closing Date, and a Financing Order shall be entered by the Bankruptcy Court in the Chapter 9 Case no later thirty (30) days thereafter.

(ii) The Debtor shall have filed a motion seeking approval of the Asset Purchase Agreement and the Sale Transaction) on or before March 31, 2018;

(iii) The Bankruptcy Court shall enter an order in form and substance acceptable to Lender approving the sale of substantially all the assets of the Debtor to Lender ("Sale Order") on or before April 30, 2018, and such Sale Order shall not be stayed;

(iv) The Debtor shall submit to the County the election ballot for the approval of the Sale Transaction on or before March 9, 2018;

(v) The approval of the Sale Transaction in a duly held election by the County shall occur on or before June 5, 2018; or

(vi) Any sale of substantially all the assets of the Debtor shall close and be effective no later than June 30, 2018;

(k) Any government or governmental or regulatory body thereof or any court or arbitrator effects an administrative freeze, setoff, or recoupment against any Medicare provider payments or CMS accounts receivable due to Debtor, and such freeze, setoff, or recoupment is not reversed or otherwise rescinded or stayed by the Bankruptcy Court within ten (10) Business Days;

(l) the occurrence of any condition or event which permits Lender to exercise any of the remedies set forth in any Financing Order including, without limitation, any "Event of Default" (as defined in the Financing Order);

(m) the Debtor suspends or discontinues or is enjoined by any court or governmental agency from continuing to conduct all or any material part of its business;

(n) The failure by the Debtor to obtain a waiver by the County of the reversionary rights affecting Debtor's title in the Real Estate in form satisfactory to Lender in its sole discretion;

(o) dismissal of the Chapter 9 Case either voluntarily or involuntarily;

(p) the grant of a Lien on or other interest in any property of the Debtor (other than a Permitted Encumbrance or by any Financing Order) or an administrative expense claim (other than such administrative expense claim permitted by any Financing Order or this Agreement), including by the grant of or allowance by the Bankruptcy Court of a Lien or other interest which is superior to or ranks in parity with Lender's and security interest in or Lien upon the Collateral or its Superpriority Claim (as defined in the Financing Order, if any);

(q) any Financing Order, if obtained, shall be modified, reversed, revoked, remanded, stayed, rescinded, vacated or amended on appeal or by the Bankruptcy Court without the prior express written consent of Lender; or

(r) the filing or confirmation of a plan of adjustment by or on behalf of Debtor, to which Lender has not consented in writing or which does not provide for the payment in full of all DIP Loan Obligations if such DIP Loan Obligations remain outstanding (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement).

10.2 Subject to any Financing Orders, upon the occurrence and during the continuance of an Event of Default which has not been waived by the Lender, in its discretion the Lender may declare to Debtors by written notice that the Lender shall make no further DIP Loans unless such Default or Event of Default is cured to the satisfaction of the Lender. Upon the occurrence of an Event of Default, the Lender may (a) declare that all DIP Loan Obligations are immediately due

and payable; and (b) immediately terminate this Agreement upon notice to the Debtor. Upon the occurrence and during the continuance of an Event of Default, the Lender may charge the Debtor the Default Rate of Interest on all then outstanding or thereafter incurred DIP Loan Obligations, in lieu of the interest provided for in Section 8 of this Agreement, provided that the Lender has given the Debtor written notice of the Event of Default. The exercise of any option is not exclusive of any other option, which may be exercised at any time by the Lender in its discretion and is in addition to any other rights granted to the Lender under any other agreement.

10.3 Except to the extent otherwise provided in any Financing Order, immediately upon the occurrence and during the continuance of any Event of Default, notwithstanding any other provision of this Agreement, any DIP Loan Document or any document, agreement or instrument, the Lender may, to the extent permitted by law: (a) remove from any premises where same may be located any and all books and records, computers, electronic media and software programs associated with any Collateral or Real Estate (including any electronic records, contracts and signatures pertaining thereto), documents, instruments, files and records, and any receptacles or cabinets containing same, relating to the Accounts, or the Lender may use, at the Debtor's expense, such of the Debtor's personnel, supplies or space at the Debtor's places of business or otherwise, as may be necessary to properly administer and control the Accounts or the handling of collections and realizations thereon; (b) bring suit, in the name of the Debtor or the Lender, and generally shall have all other rights respecting said Accounts, including without limitation the right to: accelerate or extend the time of payment, settle, compromise, release in whole or in part any amounts owing on any Accounts and issue credits in the name of the Debtor or the Lender; (c) sell, assign and deliver the Collateral or any Real Estate and any returned, reclaimed or repossessed Inventory, with or without advertisement, at public or private sale, for cash, on credit or otherwise, and the Lender may bid or become a purchaser at any such sale, free from any right of redemption, which right is hereby expressly waived by the Debtor; (d) foreclose the security interests in the Collateral or the Real Estate created herein by any available judicial procedure, or to take possession of any or all of the Collateral or the Real Estate, including any equity interests, Inventory, Equipment and/or Other Collateral without judicial process, and to enter any premises where any Inventory and Equipment and/or Other Collateral may be located for the purpose of taking possession of or removing the same; and (e) exercise any other rights and remedies provided in law, in equity, by contract or otherwise. Upon the occurrence and during the continuance of an Event of Default, the Lender, in its discretion, shall have the right, without notice or advertisement, to sell, lease, or otherwise dispose of all or any part of the Collateral, the Real Estate or any other property securing the DIP Loan Obligations, whether in its then condition or after further preparation or processing, in the name of the Debtor or the Lender, or in the name of such other party as the Lender may designate, either at public or private sale or at any broker's board, in lots or in bulk, for cash or for credit, with or without warranties or representations (including but not limited to warranties of title, possession, quiet enjoyment and the like), and upon such other terms and conditions as the Lender may deem advisable, and the Lender, in its discretion, shall have the right to purchase at any such sale. If any Inventory and Equipment shall require rebuilding, repairing, maintenance or preparation, the Lender, in its discretion, shall have the right, at its option, to do such of the aforesaid as is necessary, for the purpose of putting the Inventory and Equipment in such saleable form as the Lender shall deem appropriate and any such costs shall be deemed a DIP Loan Obligation hereunder. Any action taken by the Lender pursuant to this paragraph shall not affect commercial reasonableness of the sale. The Debtor agrees, at the request of the Lender, to

assemble the Inventory and Equipment and to make it available to the Lender at premises of the Debtor or elsewhere and to make available to the Lender the premises and facilities of the Debtor for the purpose of the Lender's taking possession of, removing or putting the Inventory and Equipment in saleable form. If notice of intended disposition of any Collateral is required by law, it is agreed that ten (10) days' notice shall constitute reasonable notification and full compliance with the law. The net cash proceeds resulting from the Lender's exercise of any of the foregoing rights, (after deducting all charges, costs and expenses, including reasonable attorneys' fees) shall be applied by the Lender to the payment of the DIP Loan Obligations, whether due or to become due, in such order as is set forth in Section 10.4 and the Debtor shall remain liable to the Lender for any deficiencies, and the Lender in turn agrees to remit to the Debtor or its successors or assigns, any surplus resulting therefrom. The enumeration of the foregoing rights is not intended to be exhaustive and the exercise of any right shall not preclude the exercise of any other rights, all of which shall be cumulative. The Debtor hereby indemnifies the Lender and holds the Lender harmless from any and all costs, expenses, claims, liabilities, Out-of-Pocket Expenses or otherwise, incurred or imposed on the Lender by reason of the exercise of any of its rights, remedies and interests hereunder, including, without limitation, from any sale or transfer of Collateral or Real Estate, preserving, maintaining or securing the Collateral or Real Estate, defending its interests in Collateral and Real Estate (including pursuant to any claims brought by the Debtor, any secured or unsecured creditors of the Debtor, any trustee or receiver in bankruptcy, or otherwise), and the Debtor hereby agrees to pay any such amount to Lender upon demand (and hereby authorizes the Lender to add such amount to the DIP Loan Obligations) and to so indemnify and hold the Lender harmless, absent the gross negligence or willful misconduct of the Lender as finally determined by a non-appealable judgment of a court of competent jurisdiction. The foregoing indemnification shall survive termination of this Agreement until such time as all DIP Loan Obligations (including the foregoing costs, expenses, claims, liabilities, and Out-of-Pocket Expenses) have been finally and indefeasibly paid in full. In furtherance thereof the Lender may establish such reserves for DIP Loan Obligations (including any contingent DIP Loan Obligations) as it may deem advisable in its reasonable business judgment. Any applicable mortgage(s), deed(s) of trust or assignment(s) issued to the Lender on the Real Estate or the Real Estate Leases shall govern the rights and remedies of the Lender thereto.

10.4 After the occurrence of an Event of Default (or after the DIP Loan Obligations have automatically become immediately due and payable), any amounts received on account of the DIP Loan Obligations shall be applied by Lender in the following order:

First, to payment of that portion of the DIP Loan Obligations constituting fees, indemnification claims, expenses and other amounts including fees (other than the Election Termination Fee, if applicable), charges and disbursements of counsel, to Lender;

Second, to payment of that portion of the DIP Loan Obligations constituting accrued and unpaid interest on the DIP Loans and, if applicable, the Election Termination Fee, arising under the DIP Loan Documents, to Lender;

Third, to payment of that portion of the DIP Loan Obligations constituting unpaid principal of the DIP Loans and, if applicable, the Election Termination Fee, to Lender; and

Last, the balance, if any, after all of the DIP Loan Obligations (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement) have been indefeasibly paid in full, to Debtor's bankruptcy estate or as otherwise required by law;

provided, however, that notwithstanding anything in the foregoing to the contrary, if (x) the Lender shall exercise its rights under any equity pledge delivered by the Debtor in favor of the Lender on, or otherwise exercise its rights and remedies under any security interest in or lien on, the Debtor's equity interest in Serodynamics, LLC (as acquired pursuant to the Lab Purchase Transaction) or (y) the Debtor shall exercise its Put Option (as defined in the Lab Purchase Agreement) so that the Lender acquires such equity interest from the Debtor, then such action, in each case, shall be deemed to be a payment in full of the then outstanding balance of the $2,500,000 DIP Loan used to finance the Lab Purchase Transaction in accordance with the terms of this Agreement.

10.5 Subject to the provisions of any Financing Orders, during the period that any DIP Loan Obligations remain outstanding, the automatic stay imposed under Section 362(a) of the Bankruptcy Code by the filing of the Chapter 9 Case shall not apply to the Lender, or any actions that may be taken by Lender, to enforce the rights and remedies granted the Lender by the DIP Loan, the DIP Loan Documents or any Financing Orders.

SECTION 11. Termination

11.1 Notwithstanding any other provision herein to the contrary, the Lender may terminate this Agreement (i) immediately upon the occurrence of an Event of Default, and (ii) on the Maturity Date.

11.2 In the event Lender terminates this Agreement upon the occurrence of an Event of Default under Section 10.1(j)(v), and notwithstanding any other provision herein to the contrary, the Debtor will pay the Lender the Election Termination Fee, and the Election Termination Fee shall be deemed to constitute part of the DIP Loan Obligations for all purposes hereunder.

11.3 [Intentionally Omitted].

11.4 All DIP Loan Obligations shall become immediately due and payable as of any termination of this Agreement, whether under this Section 11 or under Section 10 hereof. Notwithstanding any other provision of this Agreement, all of the Lender's rights, Liens and security interests shall continue for the benefit of the Lender after any termination until all DIP Loan Obligations (other than indemnification obligations that expressly survive pursuant to the terms of this Agreement) have been paid and satisfied in full.

SECTION 12. Miscellaneous

12.1 The Debtor hereby waives diligence, notice of intent to accelerate, notice of acceleration, demand, presentment and protest and any notices thereof as well as notice of nonpayment. No delay or omission of the Lender to exercise any right or remedy hereunder, whether before or after the happening of any Event of Default, shall impair any such right or shall operate as a waiver thereof or as a waiver of any such Event of Default. No single or partial

exercise by the Lender of any right or remedy precludes any other or further exercise thereof, or precludes any other right or remedy.

12.2 This Agreement and the other DIP Loan Documents constitute the entire agreement between the Debtor and the Lender with respect to the matters contained herein and therein; supersede any prior agreements; can be waived or changed only by a writing signed by each party hereto or thereto, and shall bind and benefit each party hereto or thereto and their respective successors and assigns, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

12.3 In no event shall the Debtor, upon demand by the Lender for payment of any DIP Loan Obligations, by acceleration of the maturity thereof or otherwise, be obligated to pay interest and fees in excess of the amount permitted by law. Regardless of any provision herein or in any agreement made in connection herewith, the Lender shall never be entitled to receive, charge or apply, as interest on any DIP Loan Obligations, any amount in excess of the maximum amount of interest permissible under applicable law. If the Lender ever receives, collects or applies any such excess, it shall be deemed a partial repayment of principal and treated as such; and if principal is paid in full, any remaining excess shall be refunded to the Debtor. This paragraph shall control every other provision hereof and each other DIP Loan Document.

12.4 If any provision hereof or of any other agreement made in connection herewith is held to be illegal or unenforceable, such provision shall be fully severable, and the remaining provisions of the applicable agreement shall remain in full force and effect and shall not be affected by such provision's severance. Furthermore, in lieu of any such provision, there shall be added automatically as a part of the applicable agreement a legal and enforceable provision as similar in terms to the severed provision as may be possible.

12.5 EACH OF THE DEBTOR AND THE LENDER EACH HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF THE DIP LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREUNDER. THE DEBTOR HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO SERVICE OF PROCESS BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED. IN NO EVENT WILL THE AGENT BE LIABLE FOR LOST PROFITS OR OTHER SPECIAL OR CONSEQUENTIAL DAMAGES. EACH OF THE DEBTOR AND THE LENDER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF CALIFORNIA AND THE CALIFORNIA STATE COURTS TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES PERTAINING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT OR THE DIP LOAN DOCUMENTS OR TO ANY MATTER ARISING THEREFROM. THE DEBTOR HERETO EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED IN SUCH COURT,

12.6 Except as otherwise herein provided, any notice or other communication required hereunder shall be in writing (provided that, any electronic communications from the Debtor with respect to any request, transmission, document, electronic signature, electronic mail or

facsimile transmission shall be deemed binding on the Debtor for purposes of this Agreement, provided further that any such transmission shall not relieve the Debtor from any other obligation hereunder to communicate further in writing), and shall be *deemed* to have been validly served, given or delivered when (i) hand delivered, (i) in the case of any electronic communications, the day sent, (iii) one (1) Business Day after deposit with a nationally recognized overnight delivery service, or (iv) three Business Days after deposit in the United States mails, with proper first class postage prepaid, return receipt requested, and addressed to the party to be notified or to such other address as any party hereto may designate for itself by like notice, as follows:

(A) if to the Lender, at:

Cadira Group Holdings, LLC
4789 Tejon Street, Suite 100
Denver, Colorado 80211
Attn: Mr. Beau Gertz
beau@perseverancemed.com

With copies to:

Paul Epner, Esq.
17705 Jessie James Lane
Ramona, California 92065
paul@cadiramd.com

And

Edward T. Laborde, Jr., Esq.
Dentons US LLP
1221 McKinney, Suite 1900
Houston, Texas 77010
edward.laborde@dentons.com

(B) if to the Debtor, to

Surprise Valley Healthcare District
741 North Main Street
Cedarville, CA 96104
Attn: Jennifer Hanor
Jhanor@svhospital.org

With a copy to:

Catherine M. Castaldi
Brown Ruddick LLP
2211 Michelson Drive, Seventh Floor

Irvine, CA 92612
ccastaldi@brownrudnick.com

12.7 THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND THE OTHER DIP LOAN DOCUMENTS SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA, EXCEPT TO THE EXTENT THAT ANY OTHER DIP LOAN DOCUMENT INCLUDES AN EXPRESS ELECTION TO BE GOVERNED BY THE LAWS OF ANOTHER JURISDICTION, AND EXCEPT TO THE EXTENT THAT THE PROVISIONS OF THE BANKRUPTCY CODE ARE APPLICABLE AND SPECIFICALLY CONFLICT WITH THE FOREGOING.

12.8 In the event of any inconsistency between the terms of any Financing Orders, on the one hand, and this Agreement and the other DIP Loan Documents, on the other hand, the terms of the Financing Orders shall control.

12.9 The Lender shall have the absolute right to credit bid (pursuant to 363(k) of the Bankruptcy Code or otherwise) a portion of or all of the DIP Loan and DIP Loan Obligations at any proposed sale of substantially all of the assets of the Debtor, in its sole discretion.

12.10 The relationship between Debtor and Lender is solely that of debtor and creditor, and not that of fiduciary or other special relationship with Debtor, and no term or condition of any of the DIP Loan Documents shall be construed so as to deem the relationship between Debtor and Lender to be other than that of debtor and creditor.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be effective, executed, accepted and delivered as of the date first set forth above by their proper and duly authorized officers as of the date set forth above.

SURPRISE VALLEY HEALTH CARE DISTRICT

By: _____
Name: Jennifer Hanor
Title: Chief Executive Officer
as Debtor

CADIRA GROUP HOLDINGS, LLC

By: _____
Name: Beau Bentz
Title: Manager
as Lender

EXHIBIT A

DIP LOAN NOTE

$ 4,000,000.00 Dated: _____, 2018

FOR VALUE RECEIVED, the undersigned (the "Debtor") hereby absolutely and unconditionally promises to pay to the order of Cadira Group Holdings, LLC and its assigns (hereinafter "Payee") at the offices of Cadira Group Holdings, 4789 Tejon Street, Suite 100, Denver, Colorado 80211 in lawful money of the United States of America and in immediately available funds, the principal amount of Four Million Dollars ($4,000,000.00), or if different from such amount, the unpaid principal balance of DIP Loans advanced by Payee pursuant to Section 3.1 of the DIP Financing Agreement (as herein defined) as may be due and owing from time to time under the DIP Financing Agreement. A final balloon payment in an amount equal to the entire outstanding aggregate balance of principal and interest remaining unpaid, if any, under this Note as shown on the books and records of the Lender, including any outstanding Out-of-Pocket Expenses, including, but not limited to, reasonable attorneys' fees and expenses, shall be due and payable on the earlier of (i) the Maturity Date or (ii) termination of the Agreement, as set forth in Section 11 thereof.

The Debtor further absolutely and unconditionally promise to pay to the order of the Payee and its assigns at said office, interest on the unpaid principal amount owing hereunder in accordance with and at the rates specified in Section 8 of the DIP Financing Agreement.

If any payment on this Note becomes due and payable on a day other **than a Business Day,** the maturity thereof shall be extended to the next succeeding Business Day, and with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. All payments hereunder shall be made without setoff, counterclaim or deduction of any kind.

This Note is the Promissory Note referred to in the Superpriority Senior Secured Credit Agreement, dated as of February 26, 2018, as the same may be amended, restated, supplemented or otherwise modified and in effect from time to time, among the Debtor, as borrower, and the Payee (the "DIP Financing Agreement"), and is subject to, and entitled to, all of the terms, provisions and benefits thereof and is subject to optional and mandatory prepayment, in whole or in part, as provided therein. All capitalized terms used herein shall have the meaning provided therefor in the DIP Financing Agreement, unless otherwise defined herein.

The date and amount of the DIP Loans made hereunder may be recorded on the grid page or pages which are attached hereto and hereby made part of this Note or the separate ledgers maintained by the Lender. The aggregate unpaid principal amount of all advances made pursuant hereto may be set forth in the balance column on such grid page or such ledgers maintained by

the Lender. All such advances, whether or not so recorded, shall be due as part of this Note. The Debtor confirms that any amount received by or paid to the Lender in connection with the DIP Financing Agreement and/or any balances standing to its credit on any of its account on the Lender's books under the DIP Financing Agreement may in accordance with the terms of the DIP Financing Agreement be applied in reduction of this Note, but no balance or amounts shall be deemed to effect payment in whole or in part of this Note unless the Lender shall have actually charged such account or accounts for the purposes of such reduction or payment of this Note.

Upon the occurrence of any one or more of the Events of Default specified in the DIP Financing Agreement or upon termination of the DIP Financing Agreement, all amounts then remaining unpaid on this Note may become, or be declared to be, immediately due and payable as provided in the DIP Financing Agreement.

DEBTOR:

Surprise Valley Health Care District

By: _____

Its: _____

SCHEDULE TO GRID [Complete Information for Advances prior to execution]

DATE	AMOUNT	BALANCE

Exhibit B

Form of Borrowing Notice

_____, 2018

Cadira Group Holdings, LLC

Attn.: _____

Ladies and Gentlemen:

The undersigned authorized representative of the Surprise Valley Health Care District (the "Debtor"), refers to the Superpriority Senior Secured Credit Agreement dated as of February 26, 2018 (as amended, supplemented or otherwise modified from time to time, the "DIP Financing Agreement"; capitalized terms used and not otherwise defined herein shall have the meanings given such terms in the DIP Financing Agreement) among Cadira Group Holdings, LLC as lender and secured party and the Debtor, as borrower,, and, on behalf of the Debtor, hereby gives you irrevocable notice, pursuant to Section 3.1 of the DIP Financing Agreement, that the Debtor hereby requests a DIP Loan as set forth below.

1. Requested DIP Loan.

(a) The undersigned authorized representative of the Debtor requests that the requested DIP Loan be in the aggregate amount of $_____.

(b) The undersigned authorized representative of the Debtor requests that the requested DIP Loan be made on the following Business Day: _____, 2018, which day is at least two (2) Business Days following the date of this notice.

2. Certifications. The undersigned authorized representative of the Debtor hereby certifies to the Lender that the following statements will be true and correct on the date that the requested DIP Loan is made:

(a) All DIP Loans previously requested by the Debtor have been applied in accordance with the DIP Budget and uses for such DIP Loans previously presented to the Lenders.

(b) The DIP Loans requested in this Borrowing Notice shall be used in accordance with the DIP Budget and uses set forth on the attached Schedule 3.

(c) The representations and warranties contained in the DIP Financing Agreement and the other DIP Loan Documents are true and correct in all material respects, other than representations and warranties that expressly relate solely to an earlier date (in which case they were true and correct on and as of such earlier date).

(d) No Default or Event of Default has occurred and is continuing or would result from the requested DIP Loan.

The undersigned understands that the Lender is relying on the foregoing certification in making the requested DIP Loan to the Debtor and to induce the Lender to make the requested DIP Loan.

By: _____
Name:
Title:

Schedule 1 – Collateral Information

Legal Name	Jurisdiction	Chief Executive Office	Collateral Location(s)	Tradenames	Location for filings (UCC)	Location for Filings (Mortgage/Deed of Trust)
Surprise Valley Health Care District	State of California	741 North Main Street, Cedarville California 96104	661 North Main Street, Cedarville California 96104	Surprise Valley Community Hospital	California Secretary of State	Modoc County Recorder Modoc County, California
			691 North Main Street, Cedarville California 96104	Surprise Valley Clinic		
			745 North Main Street, Cedarville California 96104			

Schedule 2 - Litigation

CASE NAME	PLAINTIFF(S)	CASE INFORMATION
Balboa Capital Corp. v. Surprise Valley Health Care District	Balboa Capital Corp.	Superior Court of California, Orange County Case No. 30-2017-00945725-CL-CO-CJC
Medical Solutions, LLC v. Surprise Valley Health Care District	Medical Solutions, LLC	Delaware Court of Chancery, Case No. K17C-12-021
Nurses and Professions Healthcare v. Surprise Valley Health Care District, et al.	Nurses and Professions Healthcare	Superior Court of California, Modoc County Case No. CU-17-076
Prime Time Health Care	Prime Time Health Care	Superior Court of California, Modoc County Case No. CU-17-090
Triage, LLC v. Surprise Valley Health Care District	Triage, LLC	District Court of Nebraska, Case No. CI 17-8971
ERX, LLC v. Surprise Valley Health Care District	ERX	Chancery Court for Knox County, Tennessee No. 194022-2
Medliant v. Surprise Valley Health Care District	Medliant	Superior Court of California, San Francisco County Case No. CPF-17-515708

Schedule 3 – DIP Budget & DIP Loans

See attached.

	Week 1 12-Feb	Week 2 19-Feb	Week 3 26-Feb	Week 4 5-Mar	Week 5 12-Mar	Week 6 19-Mar	Week 7 26-Mar	Week 8 2-Apr	Week 9 9-Apr	Week 10 16-Apr	Week 11 23-Apr	Week 12 30-Apr	Week 13 7-May	Week 14 14-May	Week 15 21-May	Week 16 28-May	Week 17 4-Jun	Week 18 11-Jun	Week 19 18-Jun	Week 20 25-Jun	
Payables																					
Accounts Payable	51,835.30	6,600.00	35,555.45	2,600.00	12,151.30	2,100.00	8,920.45	33,535.00	9,640.30	2,300.00	6,600.00	34,855.45	2,400.00	9,340.30	6,600.00	3,420.45	33,535.00	9,640.30	6,600.00	3,420.45	281,649.75
Utilities	9,100.00				12,600.00				12,600.00				12,600.00				12,600.00				59,500.00
Misc. Maintenance	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	10,000.00
Necessary Repairs /Differed Maintenance	1,500.00	21,000.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	31,500.00
State Fines																					-
Required License/ PM Services								600.00													600.00
Revenue Building Stategies	40,000.00		24,000.00																		64,000.00
Insurance	6,080.47				6,080.47				6,080.47				6,080.47					6,080.47			30,402.35
Rent/Mortgage Payment	799.35					799.35			799.35					799.35					799.35		3,996.75
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
																					-
Payroll																					-
Net	85,000.00		85,000.00			85,000.00		85,000.00		85,000.00		85,000.00		85,000.00		85,000.00			85,000.00		765,000.00
State Taxes	5,000.00		5,000.00			5,000.00		5,000.00		5,000.00		5,000.00		5,000.00		5,000.00			5,000.00		45,000.00
Federal Taxes	26,000.00		26,000.00			26,000.00		26,000.00		26,000.00		26,000.00		26,000.00		26,000.00			26,000.00		234,000.00
Contractors	70,000.00		70,000.00			70,000.00		70,000.00		70,000.00		70,000.00		70,000.00		70,000.00			70,000.00		630,000.00
																					-
Benefits																					-
Health Insurance	25,000.00			25,000.00					25,000.00				25,000.00					25,000.00			125,000.00
Workmans Comp	7,049.00			7,049.00					7,049.00				7,049.00					7,049.00			35,245.00
Valic/AFLAC/Garnishments	2,450.00		2,450.00			2,450.00		2,450.00		2,450.00		2,450.00		2,450.00		2,450.00			2,450.00		22,050.00
																					-
Legal Fees/Specialty Contractors																					-
Bankruptcy Attorney/General Consel	30,000.00	30,000.00	30,000.00	30,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	360,000.00
Financial Advisor	25,000.00		5,000.00					5,000.00				5,000.00				5,000.00				5,000.00	50,000.00
Wipfli	8,000.00		8,000.00				8,000.00				8,000.00										32,000.00
																					-
Total Weekly Expenses	393,314.12	58,100.00	292,005.45	65,649.00	46,831.77	207,349.35	32,920.45	243,585.00	77,169.12	206,750.00	30,600.00	244,305.45	69,129.47	214,589.65	22,600.00	212,870.45	62,135.00	63,769.77	211,849.35	24,420.45	2,779,943.85
																					-
Operating Cash Flow (Anticipated Net)																					-
MediCare $63,500 (M) 50% Deduction CMS Late Cost Rpt		15,000.00			15,000.00		15,000.00		15,000.00	15,000.00		15,000.00		15,000.00			15,000.00		15,000.00		135,000.00
Partnership $116,000.00 (M)		58,000.00		58,000.00		58,000.00		58,000.00		58,000.00		58,000.00		58,000.00		58,000.00			58,000.00		522,000.00
Private Insurance/Private Pay/ MediCal $100,000.00		50,000.00			50,000.00		50,000.00		50,000.00		50,000.00		50,000.00		50,000.00			50,000.00		50,000.00	450,000.00
IGT								177,000.00													177,000.00
Tax Assesment																55,000.00					55,000.00
MediCare Cost Report Settlement FY 2016-2017						514,982.00															514,982.00
Total Shortage	(393,314.12)	64,900.00	(292,005.45)	(7,649.00)	18,168.23	365,632.65	32,079.55	(8,585.00)	(12,169.12)	(133,750.00)	19,400.00	(171,305.45)	(19,129.47)	(141,589.65)	27,400.00	(99,870.45)	(47,135.00)	(13,769.77)	(138,849.35)	25,579.55	(925,961.25)

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	Week 1 12-Feb	Week 2 19-Feb	Week 3 26-Feb	Week 4 5-Mar	Week 5 12-Mar	Week 6 19-Mar	Week 7 26-Mar	Week 8 2-Apr	Week 9 9-Apr	Week 10 16-Apr	Week 11 23-Apr	Week 12 30-Apr	Week 13 7-May	Week 14 14-May	Week 15 21-May	Week 16 28-May	Week 17 4-Jun	Week 18 11-Jun	Week 19 18-Jun	Week 20 25-Jun	Week 21 2-Jul	Week 22 9-Jul	Week 23 16-Jul	Week 24 23-Jul	
Alsco		4,500.00					4,500.00				4,500.00				4,500.00				4,500.00					4,500.00	27,000.00
American Solutions for Business	200.00									200.00															400.00
Corner Store	700.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	3,000.00
CPSI - Billing	220.00		110.00					110.00				110.00					110.00				110.00				770.00
Connecting to Care	3,000.00		1,500.00					1,500.00				1,500.00					1,500.00				1,500.00				10,500.00
CTN	375.00		375.00					375.00				375.00					375.00				375.00				2,250.00
Fisher	7,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	53,000.00
Horiba					2,811.00																				2,811.00
Immucore			500.00					500.00				500.00					500.00				500.00				2,500.00
Juniper Paper			1,500.00					1,500.00				1,500.00					1,500.00				1,500.00				7,500.00
K and K			2,000.00					2,000.00				2,000.00					2,000.00				2,000.00				10,000.00
Labcore			200.00					200.00				200.00					200.00				200.00				1,000.00
McKesson	1,500.00		1,500.00					1,500.00				1,500.00					1,500.00				1,500.00				9,000.00
Medline	1,000.00		2,000.00					2,000.00				2,000.00					2,000.00				2,000.00				11,000.00
Mercedes	2,000.00		1,000.00					1,000.00				1,000.00					1,000.00				1,000.00				7,000.00
MIT							1,000.00																		1,000.00
Modoc Co Sheriff	500.00		500.00					500.00				500.00					500.00				500.00				3,000.00
Modoc Steel & Supply	700.00		350.00					350.00				350.00					350.00				350.00				2,450.00
Ortho	900.00		3,000.00					3,000.00				3,000.00					3,000.00				3,000.00				15,900.00
Owens	7,000.00		5,000.00					5,000.00				5,000.00					5,000.00				5,000.00				32,000.00
Pages Market	3,000.00		500.00					500.00				500.00					500.00				500.00				5,500.00
Pepsi	500.00		200.00					200.00				200.00					200.00				200.00				1,500.00
Public Safety	2,000.00		1,000.00					1,000.00				1,000.00					1,000.00				1,000.00				7,000.00
Relay Health	700.00		700.00					700.00				700.00					700.00				700.00				4,200.00
SteriCycle	100.00		1,000.00					100.00				100.00					100.00				100.00				1,500.00
US Foods	9,000.00		5,000.00					5,000.00				5,000.00					5,000.00				5,000.00				34,000.00
Wells Fargo	700.00		700.00					700.00				700.00					700.00				700.00				4,200.00
Misc AP/Petty Cash	3,500.00		3,500.00					3,500.00				3,500.00					3,500.00				3,500.00				21,000.00
Auto Debit AP																									-
HIS Maintenance	7,240.30				7,240.30				7,240.30					7,240.30				7,240.30				7,240.30			43,441.80
DELL Lease			1,320.45				1,320.45					1,320.45				1,320.45				1,320.45				1,320.45	7,922.70
Merchant Bank Discount (CC)				200.00				200.00				200.00					200.00				200.00				1,000.00
Fuel Cards				300.00					300.00				300.00					300.00				300.00			1,500.00
Totals	51,835.30	6,600.00	35,555.45	2,600.00	12,151.30	2,100.00	8,920.45	33,535.00	9,640.30	2,300.00	6,600.00	34,855.45	2,400.00	9,340.30	6,600.00	3,420.45	33,535.00	9,640.30	6,600.00	3,420.45	33,535.00	9,640.30	2,100.00	7,920.45	281,649.75

1249956 v1

		Week 1	Week 2	
		1-Jan	8-Jan	
Payables				
Accounts Payable		10,000.00		linens, food, medicine, medical supplies
Utilities		3,000.00		trash, water, geothermal
Misc. Maintenance		500.00	500.00	there is always a little something to fix that requires supplies
Insurance				liability
Rent/Mortgage Payment		6,080.47		
		799.35		
	Total	**20,379.82**	**500.00**	
Automatic Bank Deductions				
DELL FINANCIAL CNTRCT PMT		1,320.45		lease payment for computers
MERCHANT BNKCD DISCOUNT		120.60		credit card machine fee
ED STAUB - PROPANE		3,500.00		propane
ED STAUB - FUEL CARDS			173.90	fuel for transport van/ambulances
COMPUTER PROGRAM CASH C&D			7,240.30	maintenance on our HIS/centrix system
IRS USATAXPYMT			10,000.00	back payroll tax collection (this can be postponed)
	Total	**4,941.05**	**17,414.20**	
Payroll - Apx				
Net		85,000.00		
State Taxes		10,000.00		
Federal Taxes		26,000.00		
Contractors		70,000.00		
Missed Travelers Payments		18,897.37		for November services billed in December (contracted staff) we need to remain in good standing with this company
	Total	**209,897.37**	-	almost all others have lawsuits against us. We cannot exist without a few travelers. Nonpayment=pulled staff=no hospital
Benefits				
Health Insurance		24,741.97		
Workmans Comp		7,049.00		
Valic/AFLAC/Garnishments		2,450.00		
	Total	**34,240.97**	-	
	Total Anticipated Expences	**269,459.21**	**17,914.20**	
Bank Balance				
General Operating Account Bank Balance		**27,383.40**		
Expected Revenue				
MediCal		5,896.21		
Partnership Health		44,704.66	36,576.54	
Share of Cost - Anticipated		10,000.00	9,763.60	
SHIP		7,254.62		
	Total Revenue	**67,855.49**	**46,340.14**	
	Shortage	**174,220.32**	**(28,425.94)**	
DIP Loan Advance		**145,794.38**		could be $135,000 without back tax payment ($10,000)

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Schedule 4 – Indebtedness

None.

EXHIBIT "2"

	Week 1 12-Feb	Week 2 19-Feb	Week 3 26-Feb	Week 4 5-Mar	Week 5 12-Mar	Week 6 19-Mar	Week 7 26-Mar	Week 8 2-Apr	Week 9 9-Apr	Week 10 16-Apr	Week 11 23-Apr	Week 12 30-Apr	Week 13 7-May	Week 14 14-May	Week 15 21-May	Week 16 28-May	Week 17 4-Jun	Week 18 11-Jun	Week 19 18-Jun	Week 20 25-Jun	
Payables																					
Accounts Payable	51,835.30	6,600.00	35,555.45	2,600.00	12,151.30	2,200.00	8,920.45	33,535.00	9,640.30	2,300.00	6,600.00	34,855.45	2,400.00	9,340.30	6,600.00	3,420.45	33,535.00	9,640.30	6,600.00	3,420.45	281,649.75
Utilities	9,100.00				12,600.00				12,600.00				12,600.00				12,600.00				59,500.00
Misc. Maintenance	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	10,000.00
Necessary Repairs /Differed Maintenance	1,500.00	21,000.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	31,500.00
State Fines																					-
Required License/ PM Services								600.00													600.00
Revenue Building Stategies	40,000.00		24,000.00																		64,000.00
Insurance	6,080.47				6,080.47				6,080.47				6,080.47					6,080.47			30,402.35
Rent/Mortgage Payment	799.35					799.35			799.35					799.35					799.35		3,996.75
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
																					-
Payroll																					-
Net	85,000.00		85,000.00			85,000.00		85,000.00		85,000.00		85,000.00		85,000.00		85,000.00			85,000.00		765,000.00
State Taxes	5,000.00		5,000.00			5,000.00		5,000.00		5,000.00		5,000.00		5,000.00		5,000.00			5,000.00		45,000.00
Federal Taxes	26,000.00		26,000.00			26,000.00		26,000.00		26,000.00		26,000.00		26,000.00		26,000.00			26,000.00		234,000.00
Contractors	70,000.00		70,000.00			70,000.00		70,000.00		70,000.00		70,000.00		70,000.00		70,000.00			70,000.00		630,000.00
																					-
Benefits																					-
Health Insurance	25,000.00			25,000.00					25,000.00				25,000.00					25,000.00			125,000.00
Workmans Comp	7,249.00			7,049.00					7,049.00				7,049.00					7,049.00			35,245.00
Valic/AFLAC/Garnishments	2,450.00		2,450.00			2,450.00		2,450.00		2,450.00		2,450.00		2,450.00		2,450.00			2,450.00		22,050.00
																					-
Legal Fees/Specialty Contractors																					-
Bankruptcy Attorney/General Consel	30,000.00	30,000.00	30,000.00	30,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	360,000.00
Financial Advisor	25,000.00		5,000.00					5,000.00				5,000.00				5,000.00				5,000.00	50,000.00
Wipfli	8,000.00		8,000.00				8,000.00				8,000.00										32,000.00
																					-
Total Weekly Expenses	393,314.12	58,100.00	292,005.45	65,649.00	46,831.77	207,349.35	32,920.45	243,585.00	77,169.12	206,750.00	30,600.00	244,305.45	69,129.47	214,589.65	22,600.00	212,870.45	62,135.00	63,769.77	211,849.35	24,420.45	2,779,943.85
																					-
Operating Cash Flow (Anticipated Net)																					-
MediCare $63,500 (M) 50% Deduction CMS Late Cost Rpt		15,000.00			15,000.00		15,000.00		15,000.00	15,000.00		15,000.00		15,000.00			15,000.00		15,000.00		135,000.00
Partnership $116,000.00 (M)		58,000.00		58,000.00		58,000.00		58,000.00		58,000.00		58,000.00		58,000.00		58,000.00			58,000.00		522,000.00
Private Insurance/Private Pay/ MediCal $100,000.00		50,000.00			50,000.00		50,000.00		50,000.00		50,000.00		50,000.00		50,000.00			50,000.00		50,000.00	450,000.00
IGT								177,000.00													177,000.00
Tax Assesment																55,000.00					55,000.00
MediCare Cost Report Settlement FY 2016-2017						514,982.00															514,982.00
Total Shortage	(393,314.12)	64,900.00	(292,005.45)	(7,649.00)	18,168.23	365,632.65	32,079.55	(8,585.00)	(12,169.12)	(133,750.00)	19,400.00	(171,305.45)	(19,129.47)	(142,589.65)	27,400.00	(99,870.45)	(47,135.00)	(13,769.77)	(138,849.35)	25,579.55	(925,961.85)

	Week 1 12-Feb	Week 2 19-Feb	Week 3 26-Feb	Week 4 5-Mar	Week 5 12-Mar	Week 6 19-Mar	Week 7 26-Mar	Week 8 2-Apr
Alsco		4,500.00					4,500.00	
American Solutions for Business	200.00							
Corner Store	700.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CPSI - Billing	220.00		110.00					110.00
Connecting to Care	3,000.00		1,500.00					1,500.00
CTN	375.00		375.00					375.00
Fisher	7,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Horiba					2,811.00			
Immucore			500.00					500.00
Juniper Paper			1,500.00					1,500.00
K and K			2,000.00					2,000.00
Labcore			200.00					200.00
McKesson	1,500.00		1,500.00					1,500.00
Medline	1,000.00		2,000.00					2,000.00
Mercedes	2,000.00		1,000.00					1,000.00
MIT							1,000.00	
Modoc Co Sheriff	500.00		500.00					500.00
Modoc Steel & Supply	700.00		350.00					350.00
Ortho	900.00		3,000.00					3,000.00
Owens	7,000.00		5,000.00					5,000.00
Pages Market	3,000.00		500.00					500.00
Pepsi	500.00		200.00					200.00
Public Safety	2,000.00		1,000.00					1,000.00
Relay Health	700.00		700.00					700.00
SteriCycle	100.00		1,000.00					100.00
US Foods	9,000.00		5,000.00					5,000.00
Wells Fargo	700.00		700.00					700.00
Misc AP/Petty Cash	3,500.00		3,500.00					3,500.00
Auto Debit AP								
HIS Maintenance	7,240.30				7,240.30			
DELL Lease			1,320.45				1,320.45	
Merchant Bank Discount (CC)				200.00				200.00
Fuel Cards				300.00				
Totals	51,835.30	6,600.00	35,555.45	2,600.00	12,151.30	2,100.00	8,920.45	33,535.00

	Week 9 9-Apr	Week 10 16-Apr	Week 11 23-Apr	Week 12 30-Apr	Week 13 7-May	Week 14 14-May	Week 15 21-May	Week 16 28-May
Alsco			4,500.00				4,500.00	
American Solutions for Business		200.00						
Corner Store	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CPSI - Billing				110.00				
Connecting to Care				1,500.00				
CTN				375.00				
Fisher	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Horiba								
Immucore				500.00				
Juniper Paper				1,500.00				
K and K				2,000.00				
Labcore				200.00				
McKesson				1,500.00				
Medline				2,000.00				
Mercedes				1,000.00				
MIT								
Modoc Co Sheriff				500.00				
Modoc Steel & Supply				350.00				
Ortho				3,000.00				
Owens				5,000.00				
Pages Market				500.00				
Pepsi				200.00				
Public Safety				1,000.00				
Relay Health				700.00				
SteriCycle				100.00				
US Foods				5,000.00				
Wells Fargo				700.00				
Misc AP/Petty Cash				3,500.00				
Auto Debit AP								
HIS Maintenance	7,240.30					7,240.30		
DELL Lease				1,320.45				1,320.45
Merchant Bank Discount (CC)				200.00				
Fuel Cards	300.00				300.00			
Totals	9,640.30	2,300.00	6,600.00	34,855.45	2,400.00	9,340.30	6,600.00	3,420.45

	Week 17 4-Jun	Week 18 11-Jun	Week 19 18-Jun	Week 20 25-Jun	Week 21 2-Jul	Week 22 9-Jul	Week 23 16-Jul	Week 24 23-Jul	
Alsco			4,500.00					4,500.00	27,000.00
American Solutions for Business									400.00
Corner Store	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	3,000.00
CPSI - Billing	110.00				110.00				770.00
Connecting to Care	1,500.00				1,500.00				10,500.00
CTN	375.00				375.00				2,250.00
Fisher	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	53,000.00
Horiba									2,811.00
Immucore	500.00				500.00				2,500.00
Juniper Paper	1,500.00				1,500.00				7,500.00
K and K	2,000.00				2,000.00				10,000.00
Labcore	200.00				200.00				1,000.00
McKesson	1,500.00				1,500.00				9,000.00
Medline	2,000.00				2,000.00				11,000.00
Mercedes	1,000.00				1,000.00				7,000.00
MIT									1,000.00
Modoc Co Sheriff	500.00				500.00				3,000.00
Modoc Steel & Supply	350.00				350.00				2,450.00
Ortho	3,000.00				3,000.00				15,900.00
Owens	5,000.00				5,000.00				32,000.00
Pages Market	500.00				500.00				5,500.00
Pepsi	200.00				200.00				1,500.00
Public Safety	1,000.00				1,000.00				7,000.00
Relay Health	700.00				700.00				4,200.00
SteriCycle	100.00				100.00				1,500.00
US Foods	5,000.00				5,000.00				34,000.00
Wells Fargo	700.00				700.00				4,200.00
Misc AP/Petty Cash	3,500.00				3,500.00				21,000.00
Auto Debit AP									-
HIS Maintenance		7,240.30				7,240.30			43,441.80
DELL Lease				1,320.45				1,320.45	7,922.70
Merchant Bank Discount (CC)	200.00				200.00				1,000.00
Fuel Cards		300.00				300.00			1,500.00
Totals	33,535.00	9,640.30	6,600.00	3,420.45	33,535.00	9,640.30	2,100.00	7,920.45	281,649.75

		Week 1	Week 2	
		1-Jan	8-Jan	
Payables				
Accounts Payable		10,000.00		linens, food, medicine, medical supplies
Utilities		3,000.00		trash, water, geothermal
Misc. Maintenance		500.00	500.00	there is always a little something to fix that requires supplies
Insurance		6,080.47		liability
Rent/Mortgage Payment		799.35		
	Total	**20,379.82**	**500.00**	
Automatic Bank Deductions				
DELL FINANCIAL CNTRCT PMT		1,320.46		lease payment for computers
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ED STAUB - FUEL CARDS			173.90	fuel for transport van/ambulances
COMPUTER PROGRAM CASH C&D			7,240.30	maintenance on our HIS/centrix system
IRS USATAXPYMT			10,000.00	back payroll tax collection (this can be postponed)
	Total	**4,941.05**	**17,414.20**	
Payroll - Apx				
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Contractors		70,000.00		
Missed Travelers Payments		18,897.37	-	for November services billed in December (contracted staff) we need to remain in good standing with this company
	Total	**209,897.37**	-	almost all others have lawsuits against us. We cannot exist without a few travelers. Nonpayment=pulled staff=no hospital
Benefits				
Health Insurance		24,741.97		
Workmans Comp		7,049.00		
Valic/AFLAC/Garnishments		2,450.00	-	
	Total	**34,240.97**	-	
	Total Anticipated Expences	**269,459.21**	**17,914.20**	
Bank Balance				
General Operating Account Bank Balance		**27,383.40**		
Expected Revenue				
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Partnership Health		44,704.66	36,576.54	
Share of Cost - Anticipated		10,000.00	9,763.60	
SHIP		7,254.62		
	Total Revenue	**67,855.49**	**46,340.14**	
	Shortage	**174,220.32**	**(28,425.94)**	
DIP Loan Advance		**145,794.38**		could be $135,000 without back tax payment ($10,000)

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EXHIBIT "G"

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Attorneys for SURPRISE VALLEY HEALTH CARE DISTRICT

UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

In re:

SURPRISE VALLEY HEALTH CARE DISTRICT

Debtor.

CASE NO. 18-20070
Chapter 9
DCN: SVH-9

ORDER (I) APPROVING THE SALE OF SUBSTANTIALLY ALL OF THE DEBTOR'S ASSETS FREE AND CLEAR OF ALL LIENS; (2) APPROVING OF DEBTOR'S ASSUMPTION OF CERTAIN UNEXPIRED LEASES AND EXECUTORY CONTRACTS AND DETERMINING CURE AMOUNTS AND APPROVING DEBTOR'S REJECTION OF THOSE UNEXPIRED LEASES AND EXECUTORY CONTRACTS WHICH ARE NOT ASSUMED AND ASSIGNED BY CADIRA; (3) WAIVING THE 14-DAY STAY PERIODS SET FORTH IN BANKRUPTCY RULES 6004(H) AND 6006(D); AND (4) GRANTING RELATED RELIEF

DATE: May 22, 2018
TIME: 9:30 a.m.
CTRM: 32

Judge: Hon. Christopher D. Jaime

The motion (the "Motion") filed on April 18, 2018 by Surprise Valley Health Care District ("Debtor"), for an Order (1) Approving the Sale of Substantially all of the Debtor's Assets Free and Clear of all Liens; (2) Approving of Debtor's Assumption and Assignment of Certain Unexpired Leases and Executory Contracts and Determining Cure Amounts and Approving of Debtor's Rejection of those Unexpired Leases and Executory Contracts which are not Assumed and Assigned; (3) Waiving the 14-Day Stay Periods set forth in Bankruptcy Rules 6004(h) and 6006(d); and (4) granting related relief [Docket No. 64], came on for hearing before this Court at the above referenced date and time in the United States Bankruptcy Court for the Eastern District of California. The Debtor appeared by and through Brown Rudnick LLP, by Cathrine M. Castaldi; Cadira Group Holdings, LLC ("Cadira") appeared by and through Dentons US LLP, by Tania M. Moyron. All other appearances were as noted on the record.

Upon due deliberation and consideration of the Motion, the Memorandum of Points and Authorities filed in support of the Motion, the Declarations[1] of Jennifer Hanor, William Bostic, and Kim Tavares in support of the Motion, and all related pleadings; the Court having held a hearing and considered the arguments and representations of counsel, and the lack of objections to the Motion, and for good and sufficient cause appearing therefor:

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:

I. Procedural Findings of Fact.

A. Petition Date. On January 4, 2018 (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 9 of Title 11 of the United States Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the Eastern District of California (the "Court").

B. Jurisdiction and Venue. This Court has jurisdiction over this chapter 9 case (the "Chapter 9 Case") and the Motion, and over the parties and property affected hereby, pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue for the Chapter 9 Case and proceedings on the Motion is

[1] Cadira also submitted the Declaration of Beau Gertz in Support of the Debtor's Sale Motion on May 21, 2018. [Docket No. 74].

proper in this district pursuant to 28 U.S.C. §§1408 and 1409. Consideration of the Motion constitutes a core proceeding under 28 U.S.C. § 157(b)(2).

C. Default. The District's creditors and counterparties to executory contracts and unexpired leases are deemed to consent to the affirmative relief requested as to each of them, and the Court may enter such judgment by default pursuant to Rule 55 of the Federal Rules of Civil Procedure ("FRCP"), applicable in this case pursuant to Rules 7055 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

D. Basis for Relief. Pursuant to section 904 of the Bankruptcy Code, which provides that the debtor may consent to the power of the court to "interfere with any of the property or revenues of the debtor," the Debtor has consented to the Court's authority for purposes of this Motion, and has requested that the Court grant the relief requested in the Motion pursuant to section 904 of the Bankruptcy Code and its equitable powers under section 105(a) of the Bankruptcy Code. The basis for the relief granted herein is predicated on sections 105, 363 , 365, 901 and 904 of the Bankruptcy Code, Rules 2002, 6004, and 9014 of the Bankruptcy Rules, and Rule 9014-1 of the Local Rules of Practice for the United States Bankruptcy Court for the Eastern District of California (the "Local Rules").

E. Committee Formation. No official committee (the "Committee") of unsecured creditors, equity interest holders, or other parties in interests has been appointed in the Chapter 9 Case.

F. Notice. Notice of the Hearing and the relief requested in the Motion ("Notice") has been given pursuant to the authorization of Bankruptcy Rules 2002, 6004, and 9014 and the Local Rules. Notice has been provided by the Debtor to: (i) the Office of the United States Trustee for the Eastern District of California; (ii) all the parties included on the Debtor's list of creditors; (iii) counsel to Cadira Group Holdings, LLC, as Lender; (iv) the Prepetition Secured Creditors; and (v) all parties requesting notice pursuant to Bankruptcy Rule 2002, as well as all parties to the leases and executory contracts to be assumed pursuant to the Motion. Under the circumstances, the Debtor has provided good and sufficient notice with respect to the Motion and the relief sought therein, including the entry of this Sale Order, and no other notice is required. A reasonable

opportunity to object and to be heard regarding the relief provided herein has been afforded to parties-in-interest.

II. Findings Regarding the Sale Transaction.

G. Purchase Price. The consideration to be paid by Cadira to the Debtor pursuant to the Asset Purchase Agreement entered into on February 26, 2018, attached to the Appendix of Exhibits (the "Appendix") and filed contemporaneously with the Motion as Exhibit A [Docket No. 71] (the "APA"), is fair and reasonable, is the highest or otherwise best offer for the Debtor's assets, and constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act, and the laws of the United States. The Debtor engaged a Certified Valuation Analyst, Kim Tavares ("Tavares"), to conduct a valuation of the District's assets to be transferred pursuant to the APA. Tavares is experienced and qualified to value the Debtor's assets. As reflected in the Tavares declaration, the consideration to be paid by Cadira to the Debtor pursuant to the APA constitutes fair and reasonable consideration to be received by the District for the transferred District assets.

H. Good Faith and Arm's Length Findings. The APA was negotiated and entered into by the Debtor and Cadira without collusion, in good faith and through an arm's length bargaining process. Neither Cadira, nor any of its affiliates, or representatives, is an "insider" of the Debtor, as that term is defined in section 101(31) of the Bankruptcy Code. Cadira has proceeded in good faith and without collusion in all respects in connection with the sale process in and is entitled to all the benefits and protections under section 363(m) of the Bankruptcy Code.

I. Justification for Relief. Good and sufficient reasons for approval of the APA have been articulated to the Court in the Motion and related pleadings, and at the Hearing. The requested relief is in the best interests of the Debtor, the estate, and creditors. The Debtor has demonstrated good, sufficient and sound business purpose and justification, and compelling circumstances for the sale its assets outside the ordinary course of business. Such action is an appropriate exercise of the Debtor's business judgment.

J. Free and Clear. In accordance with sections 363(b) and 363(f) of the Bankruptcy Code, the consummation of the Sale Transaction pursuant to the APA will be a legal, valid, and

effective transfer and sale of the Purchased Assets and will vest in Cadira all of the Debtor's right, title, and interest in and to the Purchased Assets, free and clear of all liens, claims, encumbrances, and other interests of any kind or nature whatsoever (collectively, "Liens"). The Debtor has demonstrated that one or more of the standards set forth in section 363(f)(1)-(5) of the Bankruptcy Code have been satisfied. Specifically, the Court finds that:

i. all holders of any interest in the Debtor's assets who have failed to make a timely objection to the District's proposed sale free and clear of all interests are deemed to consent to such sale;

ii. the Purchase Price (as defined in the APA) is greater than the aggregate value of all liens asserted against the District's property; and

iii. all holders of any interest in the Debtor's assets can be compelled in a legal or equitable proceeding to accept a money satisfaction of their asserted interests.

K. Assumption of Executory Contracts and Unexpired Leases. The Debtor has demonstrated that the assumption and assignment of the executory contracts and unexpired leases that Cadira wishes to be assumed and assigned to Cadira is within the exercise of its sound business judgment, and such assumption and assignment is in the best interests of the Debtor and its estate.

i. **Cure/Adequate Assurance.** No counterparty to the District's executory contracts and unexpired leases has filed an objection to the cure and pecuniary loss amounts set forth in the Schedule of Contracts and Leases attached hereto as Exhibit B (the "Schedule of Contracts and Leases"). Thus, such counterparties are deemed to have consented to the proposed cure and pecuniary loss amounts, and are forever barred from challenging such amounts pursuant to FRCP 55 and Bankruptcy Rule 7055 and 9014. Through payments to be made at Closing in the amounts set forth in the Schedule of Contracts and Leases, of any default existing prior to Closing under any of the unexpired leases and executory contracts, Cadira will have cured, or will have provided adequate assurance of cure within the meaning of section 365(b)(1)(A) of the Bankruptcy Code. Cadira has provided or will provide

adequate assurance of future performance of and under the unexpired leases and executory contracts within the meaning of section 365(b)(1)(C) of the Bankruptcy Code. Pursuant to section 365(f) of the Bankruptcy Code, the executory contracts and unexpired leases to be assumed by the Debtor and assigned to Cadira shall be assigned and transferred to, and remain in full force and effect for the benefit of Cadira notwithstanding any provision in such contracts or leases prohibiting their assignment or transfer.

ii. **Rejection of Executory Contracts and Unexpired Leases.** The Debtor has demonstrated that it is an exercise of its sound business judgment to reject all of its executory contracts and unexpired leases which Cadira elects not to have assumed and assigned to it, effective as of the Closing Date. Cadira must file with the Court not later than one day prior to the Closing Date (as defined in the APA) which of the District's executory contracts and unexpired leases Cadira has decided not to take an assignment of, in which case those executory contracts and unexpired leases will not be assumed and assigned to Cadira at Closing.

iii. **Reservation.** In the event that the Closing does not occur, the Debtor reserves the right to assume or reject any executory contracts or unexpired leases through a plan of adjustment or through a separate motion to this Court.

L. Waiver of Stay. The Debtor has demonstrated good and sufficient cause to waive the stay requirement under Bankruptcy Rules 6004(h) and 6006(d). It is in the best interests of the Debtor and its estate to consummate the Transaction within the timeline set forth in the Motion and the APA.

M. Legal and Factual Bases. The legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein.

IT IS HEREBY ORDERED THAT:

1. The relief requested in the Motion is GRANTED and APPROVED in all respects to the extent provided herein.

2. There were no objections to the relief requested in the Motion.

3. Pursuant to sections 105(a), 363(b), 363(f), and 365 of the Bankruptcy Code, the Debtor's execution and delivery of the APA is approved in all respects, and the Debtor is authorized and directed to consummate the Sale Transaction in accordance with the APA.

4. The sale, assignment, transfer and conveyance of the Purchased Assets to Cadira free and clear of any Liens, Claims, and Encumbrances in accordance with the terms of the APA is authorized and approved.

5. Cadira is a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to the full protections of section 363(m) of the Bankruptcy Code.

6. The Debtor is authorized to assume and assign to Cadira each of the executory contracts and unexpired leases of the Debtor that appear on the Schedule of Contracts and Leases which Cadira elects to assume.

7. The amounts necessary to compensate each of the counterparties to the executory contracts and unexpired leases of the Debtor that appear on the Schedule of Contracts and Leases which Cadira elects to assume for any unpaid monetary obligations and pecuniary loss liabilities of the Debtor arising prior to the Closing Date are fixed as set forth in the Schedule of Contracts and Leases.

8. The assumption and assignment to Cadira of each of the executory contracts and unexpired leases that appear on the Schedule of Contracts and Leases shall be free and clear of all Liens, Claims, and Encumbrances, including all liabilities and obligations of the Debtor prior to the Closing Date.

9. Each of the executory contracts and unexpired leases of the Debtor that appear on the Schedule of Contracts and Leases which Cadira elects to assume shall be a valid and enforceable contract of Cadira from and after the Closing Date.

10. Cadira must file with the Court not later than one day prior to the Closing Date which of the District's executory contracts and unexpired leases Cadira has decided not to take an assignment of, in which case those executory contracts and unexpired leases will not be assumed and assigned to Cadira at Closing.

11. In the event that the Closing does not occur, the Debtor reserves the right to assume or reject any executory contracts or unexpired leases, including those on the Schedule of Contracts and Leases, through a plan of adjustment or through a separate motion to this Court.

12. Following the Closing Date, the Debtor must preserve $700,000 of the Purchase Price, plus any Retained Cash (as those terms are defined in the APA) to be used in any plan of adjustment proposed or approved in the Bankruptcy Case.

13. The consummation of all other transactions provided for in the APA are authorized and approved.

14. The fourteen day stay set forth in Bankruptcy Rules 6004(h) and 6006(d) shall not apply to this Sale Order.

Dated: May 30, 2018

Christopher D. Jaime, Judge
United States Bankruptcy Court

Presented By:

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